

2009 MICHIGAN BUSINESS TAX

FORMS AND INSTRUCTIONS FOR STANDARD TAXPAYERS

www.michigan.gov/taxes

This MBT booklet includes forms and instructions for all "standard taxpayers" (all filers except insurance companies and financial institutions). Forms are designed for calendar year 2009 and for the fiscal year ending in 2010.

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✦ *Fast*

✦ *Secure*



See pages 6 and 9 for more information, or visit the State of Michigan E-file Web site.

Jennifer M. Granholm, Governor

Robert J. Kleine, State Treasurer

This booklet is intended as a guide to help complete the Michigan Business Tax (MBT) return.
It does not take the place of the law.

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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

ROBERT J. KLEINE
STATE TREASURER

December 2009

Dear Taxpayer:

Enclosed are forms and instructions needed to file your 2009 Michigan Business Tax (MBT) annual return.

Many of the forms and instructions in this book have been updated from last year, including significant changes to the *Unitary Business Group (UBG) Combined Filing Schedule for Standard Members* (Form 4580) and expansion of the *Gross Receipts Worksheet* (Worksheet 4700) and the *Business Income Worksheet* (Worksheet 4746).

Please see page 7 of this book which details Important Information for 2009 as well as Legislative Changes for 2009.

If you have questions about your MBT obligations, please call the Michigan Department of Treasury's Customer Contact Division at (517) 636-4657, or visit **www.michigan.gov/mbt**.

Sincerely,

Robert J. Kleine
State Treasurer

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Quick Reference Guide

MBT Credits, Recaptures, and Assignments

<u>Credit</u>	<u>Form</u>	<u>Credit</u>	<u>Form</u>
Anchor Company Payroll Credit	4584	MEGA Federal Contract Credit.....	4584
Recapture	4587	Recapture	4587
Anchor Company Taxable Value Credit.....	4584	MEGA Photovoltaic Technology Credit.....	4574
Recapture	4587	Recapture	4587
Arts and Culture Credit.....	4572	MEGA Research and Development Credit.....	4574
Biofuel Infrastructure Credit.....	4573	Recapture	4587
Recapture	4587	Mid-size Food Retailer Credit.....	4573
Bonus Depreciation Credit.....	4573	NASCAR Safety Credit.....	4574
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Film Infrastructure Credit.....	4573	Research and Development Credit	4570
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Recapture	4587	Stadium Credit.....	4573
Film Job Training Credit.....	4573	Start-up Business Credit.....	4573
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Assignment.....	4589*	Workers' Disability Supplemental Benefit (WDSB) Credit	4574
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Assignment.....	3614*	SBT Historic Preservation Credit.....	4569
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International Auto Show Credit.....	4573	SBT "Old" Brownfield Credit	4569
Large Food Retailer Credit	4573	SBT Pharmaceutical Credit	4569
Low-Grade Hematite Credit.....	4573		
MEGA Employment Tax Credit.....	4574		
Recapture	4587		

* Form does not appear in this book but can be found on the Michigan Department of Treasury Web site www.michigan.gov/taxes.

File with confidence. E-file.

✚ **It's Accurate.** E-filed returns have much less chance of error compared to paper returns. The computer program checks for math errors before the return is accepted, and detailed explanations pinpoint the location of any errors in the return.

✚ **It's Fast.** E-filed returns are processed much faster than paper returns. Paper-filed returns take considerably longer to process.

✚ **It's Convenient.** Prepare and submit your Michigan Business Tax (MBT) return electronically using software approved by the Michigan Department of Treasury, and receive electronic proof from both the Internal Revenue Service and State of Michigan that your returns were accepted.

✚ **It's Secure.** Only tax preparers and their clients see the returns. Confidential information is protected by Secure Socket Layer (SSL) 128-bit encryption.



www.MIfastfile.org

E-file Software Companies

The following companies have indicated their commitment to develop software for MBT e-file. They may need to be contacted to determine when their software will be available. Additional company contact information is available on Treasury's e-file Web site at www.MIfastfile.org.

1040 Works
www.1040works.com

CCH Small Firms Services - ATX
www.atxinc.com

CCH Small Firms Services - TaxWise
www.taxwise.com

CCH, a Wolters Kluwer Business
www.CCHGroup.com

CORPTAX, Inc.
www.corptax.com

Data Technology Group
www.taxdimensions.com

Drake Enterprises
www.drakesoftware.com

Express Tax
www.expresstaxservice.com

Greatland
www.greattaxpro.com

Lacerte
www.lacertesoftware.com

ProSeries
www.proseries.com

Rhodes Computer Services
www.taxslayerpro.com

Taxsation Inc.
www.taxsation.com

TAX\$IMPLE, INC.
www.taxsimple.us

Tax Technologies, Inc.
www.taxtechnologies.com

TaxVision
www.ntslink.com

TaxWorks, Inc.
www.taxworks.com

Thomson Reuters Tax & Accounting
www.es.thomsonreuters.com
www.Onesource.ThomsonReuters.com
www.cs.thomsonreuters.com

TriTech
www.tritechsoft.com

TurboTax
[http://turbotax.intuit.com/
small-business-taxes/business.jsp](http://turbotax.intuit.com/small-business-taxes/business.jsp)

Vertex, Inc.
www.vertexinc.com

Treasury and the State of Michigan do not endorse or warrant these companies or their products or services. The decision to use or not to use any of these products and services will not result in any special treatment from Treasury.

Important Information for 2009

Michigan Business Tax (MBT) Form Changes

Many of the forms and instructions in this book have changed since 2008, so please read these instructions carefully. Some of the differences include:

- Significant changes to the *MBT Unitary Business Group (UBG) Combined Filing Schedule for Standard Members* (Form 4580) and the creation of the *UBG Combined Filing Schedule for Financial Institutions* (Form 4752).
- Significant expansion of the *Gross Receipts Worksheet* (Worksheet 4700) and the *Business Income Worksheet* (Worksheet 4746).
- Significant changes to the instructions for UBGs on the *MBT Loss Adjustment Worksheet for the Small Business Alternative Credit* (Form 4575). The form itself and the instructions for non-UBG taxpayers are substantially the same as they were for 2008.
- The inclusion of new credits on the *MBT Miscellaneous Nonrefundable Credits* (Form 4573), the *MBT Refundable Credits* (Form 4574), and the *MBT Election of Refund or Carryforward of Credits* (Form 4584).
- The elimination of the *Individual or Family Development Account Credit and International Auto Show Credit Worksheets* (Worksheet 4699). These credits have been accommodated on Form 4573.

Legislative Changes for 2009

The MBT Decouples From Federal Bonus Depreciation

Public Act (PA) 434 of 2008 amended Section 109(3) to provide a new definition of “federal taxable income” such that all calculations based on federal taxable income must be made without regard to any bonus depreciation—Internal Revenue Code (IRC) § 168(k)—or the domestic production activities deduction (IRC § 199). That is, for depreciable property purchased or put into service on or after January 1, 2008, for purposes of calculating federal taxable income and gains or losses reflected or included in federal taxable income, depreciation and basis must be determined under IRC § 167-168, but without IRC § 168(k). As a result, depreciation deductions and the basis of assets may differ for federal and MBT purposes. Decoupling from IRC § 168(k) generally produces only a timing difference. Absent the federal bonus depreciation, the MBT calculation of federal taxable income may require a series of additions and subtractions until such time a particular asset is fully depreciated. Decoupling from IRC § 199 primarily affects corporations.

Bonus Depreciation Credit

For tax years beginning after December 31, 2008, and ending before January 1, 2011, PA 434 also creates a new, nonrefundable credit equal to 0.42 percent of the amount of the IRC § 168(k) deduction claimed on the taxpayer’s federal return for the 2008 tax apportioned to Michigan. If the credit exceeds the taxpayer’s MBT liability, the excess may be carried forward for ten years or until used up. This new credit applies to all taxpayers other than regulated utilities.

Revisions to Historic Preservation Credit

PA 448 of 2008 amended the Historic Preservation Credit, by adding two additional “tiers” of credits for tax years beginning after December 31, 2008, and making certain changes to the existing credit. The additional “tiers” of credits effectively allow eligible taxpayers to “stack” state and federal historic preservation credits, thus negating the effect of the provision in the MBT Act requiring taxpayers to subtract their federal credit from the available state credit amount. For completed projects certified in tax years beginning after December 31, 2008, the credit may be partially or wholly assigned, and may be reassigned. If the credit is less than \$250,000, the taxpayer may now elect to receive a refund of 90 percent of the amount of the credit that exceeds the taxpayer’s MBT liability.

Biofuel Infrastructure Credit

PA 335 of 2008 amended the MBT to create a new, nonrefundable credit for owners of service stations. The credit is equal to 30 percent of the costs incurred during the tax year to convert existing or create new delivery systems designed to provide E85 fuel or qualified biodiesel blends. “Qualified biodiesel blends” means any biodiesel blend that is blended on site utilizing on-demand bio-blending equipment that was installed after December 23, 2008. The credit cannot exceed \$20,000 per tax year per taxpayer, and the total amount of all such credits is capped at \$1 million per calendar year.

MEGA Photovoltaic Technology Credit

PA 270 of 2008 amended the MBT to create a Michigan Economic Growth Authority (MEGA) certified credit for a qualified taxpayer that agrees to construct and operate a new facility in Michigan which serves to develop and manufacture photovoltaic energy, photovoltaic systems, or other photovoltaic technology relying on solar power. A taxpayer certified to take the credit under Michigan Compiled Law 208.1432 (MEGA Poly-Silicon Energy Cost Credit) is disqualified from taking this credit.

New Credit for Activities Related to Alternative Energy Sources

PA 580 of 2008 amended the MBT by adding Section 434, which creates a series of credits for the manufacture of vehicle battery packs, certain expenses associated with battery-related vehicle engineering, and the construction of an integrative cell manufacturing facility. These credits are administered by MEGA, and are not available until 2010. They are not included in the 2009 forms.

2009 General Information for Standard Taxpayers

Insurance Companies and Financial Institutions: See the Michigan Business Tax (MBT) *Instruction Booklet for Insurance Companies* (Form 4592) or the *MBT Instruction Booklet for Financial Institutions* (Form 4599) at www.michigan.gov/taxes.

This booklet is intended as a guide to help complete the MBT return. It does not take the place of the law.

Who Files a Standard Return?

All taxpayers (described here as standard taxpayers) other than financial institutions and insurance companies with apportioned or allocated gross receipts equal to \$350,000 or more must file an *MBT Annual Return* (Form 4567) or an *MBT Simplified Return* (Form 4583). The law does not require the filing of the MBT return by a taxpayer whose gross receipts are less than \$350,000. There is not a separate form for reporting that a taxpayer has no filing requirement. However, taxpayers without a filing requirement may choose to file a return to preserve a carry over of a credit or to claim a refundable tax credit.

EXCEPTION: Standard taxpayers that are owned by and unitary with financial institutions should file the *MBT Annual Return for Financial Institutions* (Form 4590).

Insurance companies and financial institutions will calculate tax liability using specialized tax bases and rules, which are covered in separate booklets (see the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588) and Form 4590, respectively).

Using This Booklet

This MBT booklet includes forms and instructions for all “standard taxpayers” (all filers except insurance companies and financial institutions). These forms are designed for calendar year 2009 and for fiscal years ending in 2010.

Read the General Information first. Because MBT is a newer tax, the Michigan Department of Treasury (Department) recommends taxpayers and tax preparers also briefly review the instructions for all forms. A taxpayer might qualify for a credit and yet be unaware of it.

Overview of MBT for Standard Taxpayers

MBT imposes both a Modified Gross Receipts Tax and a Business Income Tax on all standard taxpayers with apportioned or allocated gross receipts equal to \$350,000 or more, where:

- The Modified Gross Receipts Tax rate is 0.8 percent, and
- The Business Income Tax rate is 4.95 percent.

An annual surcharge of 21.99 percent is applied to the sum of both tax liabilities, where the surcharge amount levied against the taxpayer is capped at \$6,000,000 in any single tax year.

The statute then offers more than 40 credits that reduce the initial calculation of tax and surcharge. This includes a limited allowance of Single Business Tax (SBT) credit carryforwards.

The Modified Gross Receipts Tax base consists of gross receipts less purchases from other firms and other subtractions. *Gross receipts* are defined as the entire amount received by a taxpayer from any activity carried on for direct or indirect gain, benefit, or advantage to the taxpayer or to others, with certain specific

exceptions. (See page 23 for additional direction.)

For most taxpayers, the Business Income Tax base is essentially that part of federal taxable income (as defined for MBT purposes) derived from business activity, with certain additions and subtractions.

For more comprehensive information regarding MBT, visit the MBT Web site at www.michigan.gov/mbt. The Web site contains information taxpayers may find helpful in determining their estimated tax liabilities. Note that reliance on information found on the Web site does not protect a taxpayer from imposition of legally applicable interest and penalties.

Filing MBT Quarterly Tax Estimates for 2010

If estimated combined MBT liability for the year (including surcharge) is reasonably expected to exceed \$800, a standard taxpayer must file estimated returns either monthly or quarterly. Payments can be made with either of the following returns:

- *Michigan Business Tax Quarterly Return* (Form 4548), or
- *Combined Return for Michigan Taxes* (Form 160) (if registered for Sales, Use, and Withholding Taxes).

If paying quarterly, estimates are due on the 15th of the month following the end of the quarter. If paying monthly using Form 160, monthly payments may be filed on the 20th day of the month. For example, a taxpayer may file monthly MBT estimated tax payments using Form 160 on February 20, March 20, and April 20 rather than a single quarterly payment on April 15 provided the combined estimated tax payments for those months are calculated using the instructions provided with the form. For taxpayers electing to make monthly remittances by Electronic Funds Transfer (EFT) where the requirement to file a paper Form 160 has been waived, MBT estimates can be made by the 20th day of the month following the month's end. The estimated MBT for the quarter must also reasonably approximate the liability for the quarter.

NOTE: Your debit transaction will be ineligible for EFT if the bank account used for the electronic debit is funded or otherwise associated with a foreign bank account to the extent that the payment transaction would qualify as an International ACH Transaction (IAT) under NACHA Rules. Contact your bank for questions about the status of your bank account. Contact the Department's EFT Unit at (517) 636-4730 for alternate payment methods.

The estimated payment made with each quarterly return must be computed on the actual Business Income Tax base and Modified Gross Receipts Tax base for the quarter, or 25 percent of the estimated annual total liability, plus the annual surcharge imposed. To avoid interest and penalty charges, estimated payments must equal at least 85 percent of the total liability for the tax year and the amount of each estimated payment must reasonably approximate the tax liability for that quarter. If the prior year's tax is \$20,000 or less, estimated tax may be based on the prior year's total tax liability paid in four equal installments. If the prior year's tax liability was reported for a

period less than 12 months, this amount must be annualized. See “Filing if Tax Year Is Less Than 12 Months” on page 14 of these instructions for more information. If the year’s tax liability is \$800 or less, estimated returns are not required. Estimates can no longer be based on 1 percent of gross receipts.

Amending Estimates

If, after making payments, the estimated tax is substantially different than originally estimated, recompute the tax and adjust the payment in the next quarter.

Electronic Filing of MBT Returns

Effective January 1, 2010, for the 2009 tax year, software developers producing MBT tax preparation software must support electronic filing (e-file) for all eligible MBT forms that are included in their tax preparation software. All eligible MBT returns prepared using software must be e-filed.

The Department will continue to accept certain Portable Document Format (PDF) attachments with MBT e-filed returns. A current list of defined attachments is available in the MBT “Electronic Filing Tax Preparer Handbook,” which is available on our Web site at www.Mifastfile.org by selecting “Business Taxpayer,” then “Michigan Business Tax E-File,” and looking under “Tax Preparer Resources.” Follow your software instructions for submitting attachments with an e-filed return.

If the MBT return includes supporting documentation or attachments that are not on the predefined list of attachments, the return can still be e-filed. Follow your software instructions for including additional attachments. The tax preparer or taxpayer should retain file copies of all documentation or attachments.

For more information and program updates, including exclusions from e-file, visit the e-file Web site at www.Mifastfile.org.

The taxpayer may be required to e-file its federal return. Visit the Internal Revenue Service (IRS) Web site at www.irs.gov for more information on federal e-file requirements and the IRS Federal/State Modernized e-File (MeF) program.

Complete Federal Tax Forms First

Before preparing MBT returns, complete all federal tax forms. These forms may include:

- Individuals, Partnerships, or Fiduciaries - U.S. Form 1040, 1041, 1065 and related Schedules C, C-EZ, D, E, K, 4797, and 8825.
- Corporations - U.S. Form 1120, 1120-S, and Schedules D, K, 851, 940, 4562, 4797, and 8825.
- Limited Liability Companies (LLCs) - federal forms listed above, depending on how federal returns have been filed.

Reference these federal forms to complete Form 4567 or Form 4583.

NOTE: Public Act (PA) 434 of 2008 changed the definition of federal taxable income. For MBT purposes, *federal taxable income* means taxable income as defined by the Internal Revenue Code (IRC) § 63, except that federal taxable income shall be calculated as if section 168(k) [as applied to qualified property placed in service after December 31, 2007] and IRC § 199 were not in effect.

Copies of these forms must also be attached to the annual return filed. See the instructions for the annual return for further details.

Completing Michigan Forms

The Department captures the information from paper MBT returns using an Intelligent Character Recognition process. If completing a paper return, avoid unnecessary delays caused by manual processing by following the guidelines so the return is processed quickly and accurately.

- **Use black or blue ink.** Do not use pencil, red ink, or felt tip pens. Do not highlight information.
- **Print using capital letters** (UPPER CASE). Capital letters are easier to recognize.
- **Print numbers like this:** 012345678. Do not put a slash through the zero (Ø) or seven (7).
- **Fill check boxes with an [X].** Do not use a check mark [✓].
- **Leave lines/boxes blank** if they do not apply or if the amount is zero, unless otherwise instructed.
- **Do not enter data in boxes filled with Xs.**
- **Do not write extra numbers, symbols, or notes** on the return, such as cents, dashes, decimal points (excluding percentages), or dollar signs, unless otherwise instructed. Enclose any explanations on a separate sheet unless instructed to write explanations on the return.
- **Date format,** unless otherwise specified, should be in the following format: MM-DD-YYYY. Use dashes (-) rather than slashes (/).
- **Enter phone numbers using dashes** (e.g., 517-555-5555); do not use parentheses.
- **Stay within the lines** when entering information in boxes.
- **Report losses and negative amounts** with a negative sign in front of the number (do not use parentheses). For example, a loss in the amount of \$22,459 should be reported as -22,459.
- **Percentages should be carried out four digits** to the right of the decimal point. Do not round percentages. For example, 24.154266 percent becomes 24.1542 percent. When converting a percentage to a decimal number, carry numbers out six digits to the right of the decimal point. For example, 24.154266 percent becomes 0.241542.
- **Report all amounts in whole dollars.** Round down amounts of 49 cents or less. Round up amounts of 50 cents or more. If cents are entered on the form, they will be treated as whole dollar amounts.

Suggested Order of Analysis and Preparation of an MBT Annual Return

First, determine whether the taxpayer has nexus with Michigan. Nexus is a legal term that expresses whether a taxpayer has sufficient connection to Michigan to justify subjecting the taxpayer to Michigan tax. If there is any question about the existence of nexus for MBT purposes, see Revenue Administrative Bulletins (RABs) 2007-6 and 2008-4 for further guidance.

Next, determine whether taxpayer has \$350,000 or more of gross receipts, that are apportioned or allocated to Michigan.

- Gross receipts are defined as the entire amount received by the taxpayer, as determined by using the taxpayer's method of accounting used for federal income tax purposes, from any activity whether in intrastate, interstate, or foreign commerce carried on for direct or indirect gain, benefit, or advantage to the taxpayer or to others, with certain enumerated exceptions, which can be found on the *Gross Receipts Worksheet* (Worksheet 4700). The statutory definition of gross receipts is found in Michigan Compiled Laws (MCL) 208.1111(1).

NOTE: Health Maintenance Organizations (HMOs) holding contract with the State of Michigan for Medicaid services, per MCL 208.1111(1) dd, should complete line 71 of Worksheet 4700 only if applicable, otherwise the exclusion will be disallowed.

- Gross receipts is a worldwide figure. For a taxpayer that has nexus only with Michigan, all gross receipts are allocated to Michigan. A taxpayer that has nexus with Michigan and at least one other state or foreign country must calculate its apportionment percentage and multiply its total gross receipts by that apportionment percentage. See Form 4567, lines 11a through 11c, and accompanying instructions for this calculation. The resulting figure is the taxpayer's gross receipts apportioned to Michigan.

If all of the foregoing considerations determine that a taxpayer must file an MBT return, the next question is which primary form to use. For a standard taxpayer, there are two. Form 4583 is an optional simplified form for small businesses that allows taxpayers to calculate the Small Business Alternative Credit and the Gross Receipts Filing Threshold Credit. Most other credits are not available with Form 4583. Eligibility to use Form 4583 is described at the top of that form and in its instructions.

Most standard taxpayers will use Form 4567. It is available to all standard taxpayers, and allows for the calculation of all credits, including credits that can be claimed only by using this form. To calculate gross receipts (Part 1 of the form) and business income (Part 2), use Worksheet 4700 and the *Business Income Worksheet* (Worksheet 4746), based on organization type of the taxpayer.

For a taxpayer using Form 4567, first complete lines 1 through 53 to calculate total liability before all credits. At that point, if any nonrefundable credits will be claimed, begin the *MBT Nonrefundable Credits Summary* (Form 4568), which serves several important functions:

- Acts as a checklist of nonrefundable credits
- Identifies the order in which nonrefundable credits must be claimed
- Identifies the form on which each nonrefundable credit is calculated
- Tracks tax liability as it is reduced by each credit in proper order
- Identifies (where applicable) the point at which tax liability reaches zero and no further nonrefundable credits may be claimed in the current filing period.

Complete Form 4568 from top to bottom. For each credit the taxpayer qualifies for, calculate the credit as identified on the appropriate form and bring the result back to the appropriate line on Form 4568.

After total nonrefundable credits is determined on Form 4568, line 40, carry the figure to Form 4567, line 54. The lines following are straightforward, but take care to consider any available refundable credits on Form 4567, Part 4.

Further General Guidance

For purposes of MBT, *person* means an individual, firm, bank, financial institution, insurance company, limited partnership, limited liability partnership, copartnership, partnership, joint venture, association, corporation, S corporation, LLC, receiver, Estate, Trust, or any other group or combination of groups acting as a unit.

A *taxpayer* includes a single person or a Unitary Business Group (UBG) (see definition on page 11) liable for tax, interest, or penalty. A UBG must file a combined MBT return (addressed in further detail beginning on page 11).

Businesses reporting less than 12 months must annualize gross receipts to determine whether they are required to file. See page 14 for more guidance on annualization.

If apportioned or allocated gross receipts are below the filing requirement, there is no legal obligation to file a return or pay a tax, unless you wish to preserve the carryforward amounts of various credits and business loss, in which case, a form must be filed. There is no form to notify the Department that the taxpayer has no MBT filing requirement, like there was with the C-8030 in SBT.

Individual. If a person owns more than one business that is registered as Individual (e.g., a convenience store and rental property), file one MBT return and use the combined apportioned or allocated gross receipts to determine filing requirements.

A husband and wife who file their U.S. 1040 as "married filing jointly" but own separate businesses, maintain separate records and file separate federal *Schedule C* forms, will file separate MBT returns if they do not meet the definition of a UBG (see page 11).

LLC. An LLC is classified for MBT purposes according to its federal tax classification. The following terms, whenever used in MBT forms, instructions, and statute, include LLCs as indicated:

- *Partnership* includes an LLC federally taxed as a Partnership, and a member of this LLC is a partner.
- *S Corporation* includes an LLC federally taxed as an S Corporation, and a member of this LLC is a shareholder.
- *C Corporation* includes an LLC federally taxed as a C Corporation, and a member of this LLC is a shareholder. A member or other person performing duties similar to those of an officer in a true Corporation is an "officer" in this LLC.

NOTE: In this booklet, the term "corporation," used without a C or S, generally refers to both types.

- An LLC with a single owner that is disregarded for federal tax purposes will also be disregarded for MBT purposes. The consequence of being disregarded is that tax classifications are based on the organizational type of the owner. Activity of the LLC will be combined with activity of the owner on a single return.

EXCEPTION: A foreign (non-U.S.) corporation or a foreign (non-U.S.) LLC that is disregarded into a U.S. parent cannot be a member of a UBG. In this case, the foreign entity with Michigan business activity must file a separate return.

Fiduciaries filing for Estates or Trusts engaged in business activity must file an MBT return and report the total business activity. Beneficiaries are not required to file an MBT return or pay the tax on their distributive shares. If a grantor Trust is engaged in business, the grantor or owner must file. To determine credits, follow the guidelines for Individuals. A Trust is classified for MBT purposes according to its federal tax classification.

REMINDER: Partners and S Corporation shareholders (including LLC members treated as such) may have to pay tax on their share of income from a Partnership or S Corporation. For a partner or S Corporation shareholder who is an Individual, this share of business income is taxed under the Michigan Individual Income Tax Act. For a partner or S Corporation shareholder that is subject to MBT (Individual or entity), this income must be included in the Business Income Tax base, but then is subtracted (a loss will be added) on the MBT annual return filed for the partner or shareholder to the extent that it was included in arriving at the partner's or shareholder's business income.

EXCEPTION: If this partner or shareholder has no Michigan business activity other than its interest in the Partnership or S Corporation, the partner or shareholder is not subject to MBT and is not required to file a return. However, the partner or shareholder, if an Individual, may be subject to Michigan Individual Income Tax.

Unitary Business Groups (UBGs) and Combined Filing

NOTE: UBGs are addressed below, in general, and further in the instructions for each form. "Special Instructions for Unitary Business Groups" are located directly before "Line-by-Line Instructions." The areas in the "Line-by-Line Instructions" that apply only to UBGs are labeled "**UBGs**." Additional direction is found in the "Supplemental Instructions for Standard Members in UBGs" on page 141.

General Information about UBGs

Unitary Business Group means a group of United States persons, other than a foreign operating entity, that satisfies the following criteria:

- **Control Test.** One of the persons owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting rights or ownership interests that confer comparable rights to voting rights of the other persons; AND
- **Relationship Test.** The UBG has business activities or operations which result in a flow of value between or among persons included in the UBG or has business activities or operations that are integrated with, are dependent upon, or contribute to each other. *Flow of value* is determined by reviewing the totality of facts and circumstances of business activities and operations.

United States person, as defined in IRC § 7701(a)(30), means:

- A citizen or resident of the United States,

- A domestic Partnership,
- A domestic Corporation,
- Any Estate (other than a foreign estate, within the meaning of IRC § 7701(a)(31)), and
- Any Trust where:
 - A court within the United States is able to exercise primary supervision over the administration of the Trust; AND
 - One or more United States persons have the authority to control all substantial decisions of the Trust.

NOTE: The IRC defines Partnership and Corporation to include an LLC taxed federally as such.

A *Foreign operating entity* is a United States person that satisfies each of the following:

- Would otherwise be a part of a UBG that has at least one person included in the UBG who is taxable in Michigan.
- Has substantial operations outside the United States, the District of Columbia, any territory or possession of the United States except for the commonwealth of Puerto Rico, or a political subdivision of any of the foregoing.
- At least 80 percent of its income is active foreign business income as defined in IRC § 861(c)(1)(B).

Control Test. The control test is satisfied when one person owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting or comparable rights of the other person or persons. A person owns or controls more than 50 percent of the ownership interest with voting rights or ownership interest that confer comparable rights to voting rights of another persons if that person owns or controls:

- More than 50 percent of the total combined voting power of all ownership interests with voting (or comparable) rights, or
- More than 50 percent of the total value of all ownership interests with voting (or comparable) rights.

Parent-Subsidiary Controlled Group of Entities. A parent-subsidiary controlled group of entities satisfies the control test. A *parent-subsidiary controlled group of entities* means any group of one or more chains of entities connected through ownership with a common parent if:

- The common parent directly owns more than 50 percent of the ownership interest with voting or comparable rights of at least one other entity, and
- More than 50 percent of the ownership interest with voting or comparable rights of each entity other than the common parent is owned directly by one or more of the other entities.

Brother-Sister Controlled Group of Entities. A brother-sister group of entities may also satisfy the control test. An Individual that is not a sole proprietor or owner of a disregarded entity or otherwise engaged in a trade or business resulting in business income or gross receipts under the MBT is not unitary with the entities in which that Individual has a controlling interest. However, a brother-sister group of entities may satisfy the control test through indirect ownership rules. This is referred to as a brother-sister controlled group of entities.

Combined Controlled Group of Entities. A combined controlled group of entities satisfies the control test. A *combined controlled group of entities* means three or more entities, each of which is a member of a parent-subsidiary controlled group of entities or brother-sister controlled group of entities and one of which is a common parent entity of a parent-subsidiary controlled group of entities and also is included in a brother-sister controlled group of entities.

Excluded Ownership Interests. For purposes of determining ownership or control under the control test, the Department will apply IRC § 1563(c) to exclude certain ownership interests from determination of ownership and control, except that the Department will apply IRC § 1563(c) to all forms of ownership interests and not just corporate stock.

Relationship Tests. *Flow of value* is established when members of the group demonstrate one or more of functional integration, centralized management, and economies of scale. Examples of functional integration include common programs or systems and shared information or property. Examples of centralized management include common management or directors, shared staff functions, and business decisions made for the group rather than separately by each member. Examples of economies of scale include centralized business functions and pooled benefits or insurance. Groups that commonly exhibit a flow of value include vertically or horizontally integrated businesses, conglomerates, parent companies with their wholly owned subsidiaries, and entities in the same general line of business. Flow of value must be more than the mere flow of funds arising out of passive investment.

Businesses are integrated with, are dependent upon, or contribute to each other under many of the same circumstances that establish flow of value. However, this alternate relationship test is also commonly satisfied when one entity finances the operations of another or when there exists intercompany transactions, including financing.

Special Instructions for the Annual Return

By definition, a UBG can include standard taxpayers, insurance companies, and financial institutions. However, in some cases not all members of the UBG will be included on the same return. All standard taxpayer members in a UBG (except those owned by and unitary with a financial institution) file a single combined return on Form 4567. Financial institution members of a UBG (and any standard taxpayer owned by and unitary with a financial institution in the group) file a combined return on Form 4590. Insurance company members of a UBG each file separately on Form 4588.

Before completing a combined return, UBGs should first complete the *MBT Unitary Business Group Combined Filing Schedule for Standard Taxpayers* (Form 4580) or the *MBT Unitary Business Group Combined Filing Schedule for Financial Institutions* (Form 4752). These forms are used to gather and combine data from each member included in the combined filing schedule, and eliminate intra-group transactions where appropriate, in order to support the primary return. Insurance companies that are part of a UBG will each file a separate Form 4588, but should be listed as an excluded affiliate with an incompatible tax base on Form 4580 or Form 4752, as applicable.

The Designated Member (DM)

A UBG combined return is filed under the name and Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number of the DM of the standard taxpayer group. *Designated Member* means a UBG member that has nexus with Michigan and will file the combined MBT return on behalf of the taxpayer group. If the member that owns or controls the other group members has nexus with Michigan, that controlling member must serve as the DM. If the controlling member does not have nexus with Michigan, the controlling member may appoint any group member with nexus to serve as the DM. That DM must continue to serve as such every year, unless it ceases to be a group member or the controlling member attains Michigan nexus. The filing period of a combined return is based on the tax year of the DM.

If a UBG is comprised of both standard taxpayers and financial institutions, the UBG will have two DMs (one for the standard taxpayer members completing Form 4567 and related forms, and one for the financial institution members completing Form 4590 and related forms).

Role of the DM: The DM speaks, acts, and files the MBT return on behalf of the group for MBT purposes. Only the DM may file a valid extension request for the group. The Department maintains the group's MBT tax data (e.g., prior MBT returns, business loss carryforward, tax credit carryforward, overpayment credit forward) under the DM's name and account number.

Special Instructions for Supporting Forms

Most forms are completed by UBGs on a group basis. However, the following forms must be completed with entity-specific data, rather than group-wide data:

- *Michigan Historic Preservation Tax Credit* (Form 3581)
- *MBT Loss Adjustment Worksheet for the Small Business Alternative Credit* (Form 4575)
- *MBT Schedule of Shareholders and Officers* (Form 4577)
- *MBT Schedule of Partners* (Form 4578)
- *MBT Qualified Affordable Housing Seller's Deduction* (Form 4579)
- *MBT Investment Tax Credit Recapture From Sale of Assets Acquired Under Single Business Tax* (Form 4585)
- *MBT Schedule of Business Activity Protected Under Public Law 86-272* (Form 4586) or *MBT Schedule of Business Activity for Non-Designated Members of a Unitary Business Group Protected Under Public Law 86-272* (Form 4581), as applicable.
- *Michigan Farmland Preservation Tax Credit* (Form 4594)
- *MBT Renaissance Zone Credit Schedule* (Form 4595)
- *Gross Receipts Worksheet* (Worksheet 4700)
- *Business Income Worksheet* (Worksheet 4746).

If more than one member completes one of these forms, multiple copies of that form must be included in the group's combined return.

In addition, many credits require an entity-specific calculation of a credit amount. The following table provides a summary of UBG credit calculations, where:

A) The test or criteria to qualify for the credit should be applied on a group basis (G) or a separate entity basis (E),

B) If the qualification test is satisfied, the calculation of the credit amount should be on a group basis (G) or a separate entity basis (E),

C) Calculation of the credit should be done after elimination of intercompany transactions (Y or N). Note: This applies only to the calculation of the credit. The tax liability of the UBG against which the credit will be applied is calculated after elimination of all intercompany transactions from the tax bases and apportionment.

Credit	(A)	(B)	(C)
Anchor Company Payroll Credit	E	E	N
Anchor Company Taxable Value Credit	E	E	N
Arts and Culture Credit	G	G	N
Biofuel Infrastructure Credit	E	E	N
Bonus Depreciation Credit	E	E	N
Bottle Deposit Administration Credit	E	E	N
Brownfield Redevelopment Credit	E	E	N
Community or Education Foundation Credit	G	G	N
Compensation Credit	G	G	N
Entrepreneurial Credit	E	E	N
Farmland Preservation Credit	E	E	N
Film Infrastructure Credit	E	E	N
Film Job Training Credit	E	E	N
Film Production Credit	E	E	N
Gross Receipts Filing Threshold Credit	G	G	N
Historic Preservation Credit	E	E	N
Homeless Shelter/Food Bank Credit	G	G	N
Hybrid Technology Research and Development Credit	E	E	N
Individual or Family Development Account Credit	G	G	N
International Auto Show Credit	E	E	N
Investment Tax Credit	G	G	*
Large Food Retailer Credit	G	G	N
Low-Grade Hematite Credit	G	G	N
MEGA Employment Tax Credit	E	E	N
MEGA Federal Contract Credit	E	E	N
MEGA Photovoltaic Credit	E	E	N
MEGA Research and Development Credit	E	E	N
Mid-size Food Retailer Credit	G	G	N
NASCAR Safety Credit	E	E	N
NASCAR Speedway Credit	E	E	N
New Motor Vehicle Dealer Inventory Credit	E	E	N
Next Energy Business Activity Credit	E	E	N
Next Energy Payroll Credit	E	E	N
Personal Property Tax Credit	G	G	N
Private Equity Fund Credit	E	E	N
Public Contribution Credit	G	G	N
Renaissance Zone Credit	E	E	N

Credit	(A)	(B)	(C)
Research and Development Credit	G	G	N
Small Business Alternative Credit	G	G	N
Stadium Credit	E	E	N
Start-up Business Credit	E	E	N
Workers' Disability Supplemental Benefit Credit	G	G	N

* Assets transferred between members of the group are not qualifying assets for purposes of calculating this credit. Intercompany eliminations are otherwise not applicable.

The above credits are taken against the standard taxpayer group's entire tax liability. Additional UBG instructions are provided on forms where these credits are calculated. A small number of credits will require a pro forma calculation of a UBG member's tax liability. Where a pro forma calculation is required, the underlying objective is to determine what the tax liability of the UBG member generating the credit would have been if that member was not included in the UBG. Therefore, the UBG member generating the credit must calculate its pro forma tax liability as if it was a singular, stand alone taxpayer in all aspects. This supporting calculation should be submitted along with Form 4580 or Form 4752, as applicable.

If the UBG is comprised of both standard taxpayers and financial institutions, two copies of supporting forms will be completed (one group of supporting forms for the standard taxpayers' annual return and one group of supporting forms for the financial institutions' annual return).

Exemption Guidelines for MBT

The following may be exempt from MBT:

- Most persons who are exempt from federal income tax under the IRC
- Nonprofit cooperative housing corporations
- The agricultural activity of a person whose primary activity (i.e., more than 50 percent of gross receipts) is the production of agricultural goods
- Foreign persons domiciled in a subnational jurisdiction that does not impose an income or other business tax on a similarly situated person domiciled in Michigan. For purposes of this provision, foreign person is defined at MCL 208.1207(8).

If a taxpayer is exempt under either of the first two bullets, but has unrelated business taxable income as defined in the IRC, that business activity is subject to the MBT and a return will be required if the apportioned or allocated gross receipts are \$350,000 or more from the unrelated business activity. Similarly, if a farmer whose primary activity is agricultural production has \$350,000 or more of apportioned or allocated gross receipts from activities other than agricultural production, a return is required.

Foreign persons that are not exempt from the MBT must calculate business income, gross receipts, the Business Income and Modified Gross Receipts Tax bases, and the sales factor differently than domestic taxpayers. Refer to MCL 208.1207(4) - (8) for details.

For a complete list of exemptions, consult a copy of the MBT Act (PA 36 of 2007, as amended) at www.legislature.mi.gov.

If a taxpayer is exempt and has no unrelated business taxable income, filing an MBT return is not required.

Filing the Correct Form

File Form 4583 if:

- Allocated gross receipts are \$350,000 or more and the criteria on the form are met.
- Taxpayer other than a UBG has allocated gross receipts less than \$350,000 and is claiming a refund of estimated payments made. Skip lines 10 through 21 and lines 28 through 31.

File Form 4567 if:

- Tax bases are apportioned
- Apportioned or allocated gross receipts are \$350,000 or more
- A reduced Small Business Alternative Credit is claimed
- Apportioned or allocated gross receipts are less than \$350,000, and:
 - A refund is claimed
 - A credit that may be carried forward to the next year was generated during the filing period
 - A tax credit carryforward or MBT business loss carryforward is reported (filing in this case is necessary to move the carryforward to the following year).

Form 4567 is the only form that will guarantee calculation of the lowest tax liability. This list does not cover all situations. See instructions for each form for more information.

Different primary returns and instruction booklets are available for insurance companies (Form 4588) and financial institutions (Form 4590). The tax base for each of these special taxpayer categories is fundamentally different than for standard taxpayers.

Filing if Tax Year Is Less Than 12 Months

In most cases, annual returns must be filed for the same period as federal income tax returns. If the filing period is less than 12 months, annualize to determine if there is a filing requirement, which forms to file and the eligibility for a Small Business Alternative Credit. Do not use annualized numbers on a return unless specified; use them only to determine filing requirements and qualifications for credits.

Tax year means the calendar year, or the fiscal year ending during the calendar year, upon the basis of which the tax base of a taxpayer is computed. If a return is made for a fractional part of a year, tax year means the period for which the return is made.

A taxpayer that has a 52- or 53-week tax year beginning not more than seven days before December 31 of any year is considered to have a tax year beginning after December of that tax year.

Example 1: A taxpayer with a federal tax year beginning on Monday, December 29, 2008, will be treated as follows:

- 2008 tax year end of December 31, 2008.
- Due date of April 30, 2009.

- 2009 tax year beginning January 1, 2009.

Example 2: A taxpayer with a federal tax year ending on Sunday, January 3, 2010, will be treated as follows:

- 2009 tax year end of December 31, 2009.
- Due date of April 30, 2010.
- 2010 tax year beginning on January 1, 2010.

Example 3: A 52- or 53-week year closing near the end of January is common in the retail industry. Such a taxpayer will be treated as follows:

- 2008-09 fiscal year end will be January 31, 2009.
- Due date will be May 31, 2009.
- 2009-10 fiscal year will begin on February 1, 2009.

Annualizing

Multiply each amount, total gross receipts, business income, prior year's tax liability, and shareholder, officer and partner income by 12 and divide the result by the number of months the business operated. Generally, a business is considered in business for one month if the business operated for more than half the days of the month.

- If annualized apportioned or allocated gross receipts are \$350,000 or more, file an annual return. If annualized gross receipts are more than \$20,000,000, or annualized adjusted business income, after loss adjustment, exceeds \$1,329,900, the taxpayer is not eligible for the Small Business Alternative Credit.
- Annualize shareholder, officer, and partner compensation and share of business income. If any shareholder or officer has annualized compensation and share of business income of more than \$180,000 as determined on Form 4577, column L or N, and applying loss adjustment on Form 4575, if applicable, or any partner has a distributive share of income of more than \$180,000 on the Form 4578, column D, the taxpayer is not eligible for the Small Business Alternative Credit. If annualized allocated income or distributive share is more than \$160,000 but not more than \$180,000, the annualized figure will determine the reduction to the Small Business Alternative Credit.
- Annualize prior year's tax liability to determine whether estimates may be based on that liability. If the prior year's annualized liability is \$20,000 or less, estimates may be based on the annualized amount if paid in four equal installments.

EXAMPLE: A fiscal year taxpayer with a tax year ending in June files a six-month return ending June 2009 reporting a tax liability of \$9,000. Estimates for the tax year ending June 2010 may be based on the annualized liability of \$18,000. Estimates must be paid in four equal installments of \$4,500.

Individuals and Fiduciaries: A business registered as Individual or Fiduciary that is in business less than 12 months is not required to annualize.

Due Dates of Annual Returns

Annual returns are due on or before the last day of the fourth month after the end of the tax year. For example, a return for calendar year 2009 is due April 30, 2010. A return for a short year ending October 31, 2009, is due February 28, 2010.

Additional Filing Time

If additional time is needed to file an annual tax return, request a Michigan extension by filing an *Application for Extension of Time to File Michigan Tax Returns* (Form 4).

Filing a federal extension request with the IRS does not automatically grant an MBT extension. The IRS does not notify state governments of extensions. A request for a Michigan extension must be received and approved to avoid penalty on the tax due.

Extension applications must be postmarked on or before the original due date of an annual return.

Although the Department may grant extensions for filing MBT returns, it will not extend the time to pay. Extension applications received without proper payment will not be processed. Penalty and interest will accrue on the unpaid tax from the original due date of the return.

Properly filed and paid estimates along with the amount included on the extension application will be accepted as payment on a tentative return, and an extension may be granted. It is important that the application is completed correctly.

Once a properly prepared and timely filed application along with appropriate estimated tax payments is received, the Department will grant an extension of eight months to file the tax return.

Any estimated tax that may be due with the request should be paid in the same manner as estimated payments were paid during the year.

A written response will be sent to the legal address on file when a valid extension application is received.

If an MBT extension is filed on time but the total payments received by the original due date are less than 90 percent of the tax liability, a 10 percent negligence penalty may apply.

IMPORTANT: If no tax is owed, there is no need to file an extension with Michigan by the due date of the return to avoid penalty. However, without an approved extension, it is necessary to file an annual return as soon as the information is available to do so.

An extension of time to file will also extend the statute of limitations.

Amending a Return

To amend a current or prior year annual return, complete either the Form 4567 or Form 4583 that is applicable for that year and check the box in the upper-right corner of the return. Include all schedules filed with the original return, even if not amending that schedule. Enter the figures on the amended return as they should be. There is no longer a separate form for amending a return.

See page 16 for how to request copies of current or past forms.

To amend a return to claim a refund, file within four years of the due date of the original return. Interest will be paid beginning 45 days after the claim is filed or the due date, whichever is later.

If amending a return to report a deficiency, penalty and interest

may apply from the due date of the original return.

If any changes are made to a federal income tax return that affect an MBT tax base, filing an amended return is required. To avoid penalty, file the amended return within 120 days after the final determination by the IRS.

Computing Penalty and Interest

Annual and estimated returns filed late or without sufficient payment of the tax due are subject to a penalty of 5 percent of the tax due, for the first two months. Penalty increases by an additional 5 percent per month, or fraction thereof, after the second month, to a maximum of 25 percent.

Compute penalty and interest for underpaid estimates using the *MBT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4582), on page 111. If a taxpayer prefers not to file this form, the Department will compute the penalty and interest and send a bill.

The following chart shows the interest rate that applies to each filing period. A new interest rate is set at 1 percent above the adjusted prime rate for each six-month period.

Beginning Date	Rate	Daily Rate
January 1, 2009	6.0%	0.0001644
July 1, 2009	4.7%	0.0001288
January 1, 2010	4.25%	0.0001164

For a complete list of interest rates, see RAB 2009-7 on the Department's Web site at www.michigan.gov/taxes.

Signing the Return

All returns must be signed and dated by the taxpayer or the taxpayer's authorized agent. This may be the owner, partner, corporate officer, or association member. The corporate officer may be the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign the corporation's tax return.

If someone other than the above prepared the return, the preparer must give his or her business address and telephone number.

Print the name of the authorized signer and preparer in the appropriate area on the return.

Assemble the returns and attachments (in sequence order) and staple in the upper-left corner. (Do not staple a check to the return.)

IMPORTANT REMINDER: Failure to include all the required attachments with the return will delay processing and may result in reduced or denied refund or credit carryforward or a bill for tax due.

Mailing Addresses

Postage Changes: The U.S. Post Office calculates postage based on the weight, size, and thickness of an envelope. Consult with the Post Office before mailing to avoid delays in delivery; items with insufficient postage will be returned by the Post Office.

Mail the annual return and all necessary schedules to:

With payment:

Michigan Department of Treasury
P.O. Box 30113
Lansing, MI 48909

Without payment:

Michigan Department of Treasury
P.O. Box 30783
Lansing, MI 48909

Mail an extension application (Form 4) to:

Michigan Department of Treasury
P.O. Box 30774
Lansing, MI 48909-8274

Mail MBT quarterly estimate payments (Form 4548) to:

Michigan Department of Treasury
P.O. Box 30774
Lansing, MI 48909-8274

Courier delivery service mail should be sent to:

Michigan Department of Treasury
7285 Parsons Dr.
Dimondale, MI 48821

Make all checks payable to "State of Michigan." Print taxpayer's FEIN or TR Number, the taxpayer's name, and "MBT" on the front of the check. Do not staple the check to the return.

Correspondence

Address changes and business discontinuance can be reported by using the *Notice of Change or Discontinuance* (Form 163), which can be found online at **www.michigan.gov/treasuryforms** or inside the Sales, Use, and Withholding Tax booklet.

Mail correspondence to:

Customer Contact Division, MBT Unit
Michigan Department of Treasury
P.O. Box 30059
Lansing, MI 48909

To Request Forms

Internet

Current and past year forms are available on the Department's Web site at **www.michigan.gov/treasuryforms**.

Alternate Format

Assistance in obtaining printed material in an alternate format may be requested by calling 1-800-827-4000 and pressing options 1, 4, and 223.

TTY

Teletypewriter assistance is available by calling (517) 636-4999.

2009 MICHIGAN Business Tax Annual Return

Issued under authority of Public Act 36 of 2007.

☐ Check if this is an amended return.
Attach supporting documents.

MM-DD-YYYY

MM-DD-YYYY

1. Return is for calendar year 2009 or for tax year beginning:

and ending:

2. Name (print or type)				7. Federal Employer Identification Number (FEIN) or TR Number	
Doing Business As (DBA)				8. Organization Type (LLC or Trust, see instructions)	
Street Address				<input type="checkbox"/> Individual <input type="checkbox"/> C Corporation / LLC C Corporation	
City	State	ZIP/Postal Code	Country Code	<input type="checkbox"/> Fiduciary <input type="checkbox"/> S Corporation / LLC S Corporation	
3. Principal Business Activity		4. Business Start Date in Michigan		<input type="checkbox"/> Partnership / LLC Partnership	
5. NAICS (North American Industry Classification System) Code		6. If Discontinued, Effective Date		9. <input type="checkbox"/> Check if Filing Michigan Unitary Business Group Return. (Attach Form 4580.)	
				10. <input type="checkbox"/> Check if you have sales receipts from transportation services.	

11. Apportionment Calculation

a. Michigan Sales (if no Michigan sales, enter zero)	11a.		00
b. Total Sales	11b.		00
c. Apportionment Percentage. Divide line 11a by line 11b	11c.		%

PART 1: MODIFIED GROSS RECEIPTS TAX

12. Gross Receipts (see instructions)..... 12. 00

Subtractions from Gross Receipts

13. Inventory acquired during tax year	13.		00
14. Depreciable assets acquired during tax year	14.		00
15. Materials and supplies not included in inventory or depreciable property	15.		00
16. Staffing Company: Compensation of personnel supplied to customers	16.		00

If qualified for the Small Business Alternative Credit, skip to line 18.

17. Deduction for contractors in SIC Codes 15, 16 and 17

SIC Code:

18. Film rental or royalty payments paid by a theater owner to a film distributor and/or producer

19. Qualified Affordable Housing Project (QAHP) Buyer's Deduction

a. Gross receipts attributable to residential rentals in Michigan	19a.		00
b. Number of residential rent restricted units in Michigan owned by QAHP	19b.		
c. Total number of residential rental units in Michigan owned by QAHP	19c.		
d. Divide line 19b by line 19c and enter as a percentage	19d.		%
e. Multiply line 19a by line 19d	19e.		00
f. Limited dividends or other distributions made to owners of project	19f.		00
g. Qualified Affordable Housing Project Deduction. Subtract line 19f from line 19e			

19g. 00

20. Payments made by taxpayers licensed under Article 25 or Article 26 of the Occupational Code to independent contractors licensed under Article 25 or Article 26

21. Miscellaneous (see instructions)

22. Total Subtractions from Gross Receipts. Add lines 13 through 18 and 19g through 21

23. Modified Gross Receipts. Subtract line 22 from line 12. If less than zero, enter zero

24. Apportioned Modified Gross Receipts Tax Base. Multiply line 23 by percentage on line 11c

25. Multiply line 24 by 0.8% (0.008)

26. Enrichment Prohibition for dealers of personal watercraft or new motor vehicles. Enter amount collected during tax year

27. **Modified Gross Receipts Tax Before All Credits.** Enter the greater of line 25 or line 26

PART 2: BUSINESS INCOME TAX

28. Business Income. If negative, enter as a negative. (If business activity protected under PL 86-272, complete and attach Form 4586 and/or 4581, as applicable; see instructions).....

28.

00

Additions to Income

29. Interest income and dividends derived from obligations or securities of states other than Michigan.....

29.

00

30. Taxes on or measured by net income

30.

00

31. Tax imposed under MBT

31.

00

32. Any carryback or carryover of a federal net operating loss

32.

00

33. Losses attributable to other taxable flow-through entities

33.

00

Account No.

34. Royalty, interest, and other expenses paid to a related person.....

34.

00

35. Miscellaneous (see instructions)

35.

00

36. Total Additions to Income. Add lines 29 through 35.....

36.

00

37. **Business Income Tax Base After Additions.** Add lines 28 and 36. If negative, enter as a negative

37.

00

Subtractions from Income

38. Dividends and royalties received from persons other than U.S. persons and foreign operating entities

38.

00

39. Income attributable to other taxable flow-through entities

39.

00

Account No.

40. Interest income derived from United States obligations

40.

00

41. Net earnings from self-employment. If less than zero, enter zero

41.

00

42. Miscellaneous (see instructions)

42.

00

43. Total Subtractions from Income. Add lines 38 through 42

43.

00

44. **Business Income Tax Base.** Subtract line 43 from line 37. If negative, enter as a negative

44.

00

45. Apportioned Business Income Tax Base. Multiply line 44 by percentage on line 11c

45.

00

46. Available MBT business loss carryforward from previous MBT return. Enter as a positive number.....

46.

00

47. Subtract line 46 from line 45. If negative, enter here as a negative, skip line 48, and enter zero on line 49. A negative number here is the available business loss carryforward to the next filing period (see instructions) ...

47.

00

48. Qualified Affordable Housing Deduction. If line 47 is positive, complete lines 48a through 48i as follows:

(1) If taking the seller's deduction, skip lines 48a through 48h and carry the amount from Form 4579, line 5, to line 48i. (2) If taking the buyer's deduction, complete lines 48a through 48i.

a. Gross rental receipts attributable to residential units in Michigan (purchased pursuant to an operation agreement)..... 48a.

00

b. Rental expenses attributable to residential rental units in Michigan. 48b.

00

c. Taxable income attributable to residential rental units. Subtract line 48b from line 48a..... 48c.

00

d. Number of residential rent restricted units in Michigan owned by the Qualified Affordable Housing Project..... 48d.

e. Total number of residential rental units in Michigan owned by the Qualified Affordable Housing Project..... 48e.

f. Divide line 48d by line 48e and enter as a percentage..... 48f.

%

g. Multiply line 48c by line 48f..... 48g.

00

h. Limited dividends or other distributions made to the owners of the project..... 48h.

00

i. Qualified Affordable Housing Deduction. Subtract line 48h from line 48g

48i.

00

49. Subtract line 48i from line 47. If less than zero, enter zero

49.

00

50. **Business Income Tax Before All Credits.** Multiply line 49 by 4.95% (0.0495).....

50.

00

PART 3: TOTAL MICHIGAN BUSINESS TAX

51. Total Michigan Business Tax Before Surcharge and Credits. Add lines 27 and 50	51.		00
52. Annual Surcharge. Enter the lesser of \$6,000,000 or line 51 multiplied by 21.99% (0.2199)	52.		00
53. Total Liability Before All Credits. Add lines 51 and 52	53.		00
54. Nonrefundable credits from Form 4568, line 40	54.		00
55. Total Tax After Nonrefundable Credits. Subtract line 54 from line 53. If less than zero, enter zero	55.		00
56. Recapture of Certain Business Tax Credits and Deductions from Form 4587, line 12	56.		00
57. Total Tax Liability. Add lines 55 and 56	57.		00

PART 4: PAYMENTS, REFUNDABLE CREDITS AND TAX DUE

58. Overpayment credited from prior MBT return	58.		00
59. Estimated tax payments	59.		00
60. Tax paid with request for extension	60.		00
61. Refundable credits from Form 4574, line 25	61.		00
62. Payment and credit total. Add lines 58 through 61. (If not amending, then skip to line 64.)	62.		00
<div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;"> AMENDED RETURN ONLY </div>	a. Payment made with the original return	63a.	00
	b. Overpayment received on the original return	63b.	00
	c. Add lines 62 and 63a and subtract line 63b from the sum	63c.	00
64. TAX DUE. Subtract line 62 (or line 63c, if amending) from line 57. If less than zero, leave blank	64.		00
65. Underpaid estimate penalty and interest from Form 4582, line 38	65.		00
66. Annual return penalty (a) % = (b) 00 plus interest (c) 00. Total	66d.		00
67. PAYMENT DUE. If line 64 is blank, go to line 68. Otherwise, add lines 64, 65 and 66d	67.		00

PART 5: REFUND OR CREDIT FORWARD

68. Overpayment. Subtract lines 57, 65 and 66d from line 62 (or line 63c, if amending). If less than zero, leave blank (see instructions)	68.		00
69. CREDIT FORWARD. Amount of overpayment on line 68 to be credited forward	69.		00
70. REFUND. Amount of overpayment on line 68 to be refunded	70.		00

Taxpayer Certification. I declare under penalty of perjury that the information in this return and attachments is true and complete to the best of my knowledge.		Preparer Certification. I declare under penalty of perjury that this return is based on all information of which I have any knowledge.	
<input type="checkbox"/> By checking this box, I authorize Treasury to discuss my return with my preparer.		Preparer's PTIN, FEIN or SSN <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	
Authorized Signature for Tax Matters <div style="border: 1px solid black; height: 40px; width: 100%;"></div>		Preparer's Business Name (print or type) <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	
Authorized Signer's Name (print or type)	Date	Preparer's Business Address and Telephone Number (print or type) <div style="border: 1px solid black; height: 40px; width: 100%;"></div>	
Title	Telephone Number		

Return is due April 30 or on or before the last day of the 4th month after the close of the tax year.

WITHOUT PAYMENT. Mail return to:
Michigan Department of Treasury, P.O. Box 30783, Lansing, MI 48909

WITH PAYMENT. Pay amount on line 67. Mail check and return to:
Michigan Department of Treasury, P.O. Box 30113, Lansing, MI 48909

Make check payable to "State of Michigan." Print taxpayer's FEIN or TR Number, the taxpayer's name, and "MBT" on the front of the check. Do not staple the check to the return.

Instructions for Form 4567

Michigan Business Tax (MBT) Annual Return

Purpose

To calculate the Business Income Tax and Modified Gross Receipts Tax as well as the surcharge for standard taxpayers. Insurance companies should file the *MBT Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588) and Financial Institutions should file the *MBT Annual Return for Financial Institutions* (Form 4590).

Special Instructions for Unitary Business Groups

A *Unitary Business Group (UBG)* is a group of United States persons, other than a foreign operating entity, that satisfies the following criteria:

- One of the persons owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting rights (or rights comparable to voting rights) of the other United States persons; AND
- The UBG has operations which result in a flow of value between persons in the UBG or has operations that are integrated with, are dependent upon, or contribute to each other. Flow of value is determined by reviewing the totality of facts and circumstances of business activities and operations.

A *foreign operating entity* means a United States person that would otherwise be a part of a UBG that is taxable in Michigan; has substantial operations outside the United States, the District of Columbia, any territory or possession of the United States except for the commonwealth of Puerto Rico, or a political subdivision of the foregoing; and at least 80 percent of its income is active foreign business income as defined in Internal Revenue Code (IRC) § 861(c)(1)(B).

In Michigan, a UBG with standard members must file Form 4567 for the group with a Designated Member (DM) who must be the controlling member of the group, unless the controlling member does not have nexus with Michigan. If that is the case, the controlling member may appoint a group member with nexus to Michigan to serve as the DM.

For MBT, *taxpayer* means a person or a UBG liable for tax, interest, or penalty.

For more information on UBGs, see the instructions for the *MBT Unitary Business Group Combined Filing Schedule* (Form 4580) found on page 93 of this booklet and the “Supplemental Instructions for Standard Members in UBGs” on page 141.

Under Michigan Compiled Laws (MCL) 208.1511, all standard members of a UBG must file a combined return on Form 4567, using the tax year of the DM as the filing period. Business income of each member should reflect the accounting method that member used to compute its federal taxable income.

A combined return must include each tax year of each member that ends with or within the tax year of the DM.

The business income of a UBG is the sum of the business income of each person included in the UBG, other than a foreign operating entity or a person subject to the tax as an

insurance company or financial institution, less any items of income and related deductions arising from transactions, including dividends, between persons included in the UBG.

In general, phase-ins, thresholds, credit limits, and other components used to determine tax liability relate to the group as a single taxpayer, not to individual persons that comprise the group. Exceptions to this general rule are noted in instructions to the applicable forms. The group of persons on the combined return is treated as the taxpayer (a distinct entity) for purposes of the MBT Act.

Taxpayer Certification

A return filed by a UBG must be signed by an individual authorized to sign on behalf of the DM. Provide the telephone number of that individual at the DM’s office.

Line-by-Line Instructions

Lines not listed are explained on the form.

Dates must be entered in MM-DD-YYYY format.

See page 14 for periods less than 12 months.

Every standard taxpayer with nexus in Michigan and with apportioned or allocated gross receipts of \$350,000 or more must file an annual return. (The filing threshold does not apply to insurance companies or financial institutions.) Businesses that operate less than 12 months must annualize their gross receipts to determine if a filing requirement exists.

UBGs: Complete Form 4580 before beginning Form 4567. Answer lines 1-8 of Form 4567 as they apply to the DM.

Amended Returns: Check the box (upper-right corner, page 1) if this is an amended return, and attach a separate sheet explaining the reason for the changes. Attach any supporting documents including an amended federal return or a signed and dated Internal Revenue Service (IRS) audit document.

Refund Only: If apportioned or allocated gross receipts are less than \$350,000 and the taxpayer is filing Form 4567 to claim a refund of estimates paid, skip lines 13 through 57 and lines 64 through 67.

UBGs: If combined apportioned or allocated gross receipts of all members is less than \$350,000 and the taxpayer is filing Form 4567 to claim a refund of estimates paid, Form 4580 must also be attached. The designated member must complete Part 1A, Part 2B (skip lines 17 through 62), Part 3 and Part 4. For each member listed in Part 1A, complete Part 1B and 2A (skip lines 17 through 62).

Line 1: If not a calendar year taxpayer, enter the beginning and ending dates (MM-DD-YYYY) that correspond to the taxable period as reported to the IRS.

Tax year means the calendar year, or the fiscal year ending during the calendar year, upon the basis of which the tax base of a taxpayer is computed. If a return is made for a part of a year, tax year means the period for which the return is made.

Generally, a taxpayer's tax year is for the same period as is covered by its federal income tax return. A taxpayer that has a 52- or 53-week tax year beginning not more than seven days before December 31 of any year is considered to have a tax year beginning after December of that year.

Example 1: A taxpayer with a federal tax year beginning on Monday, December 29, 2008, will be treated as follows:

- 2008 tax year end of December 31, 2008.
- Due date of April 30, 2009.
- 2009 tax year beginning January 1, 2009.

Example 2: A taxpayer with a federal tax year ending on Sunday, January 3, 2010, will be treated as follows:

- 2009 tax year end of December 31, 2009.
- Due date of April 30, 2010.
- 2010 tax year beginning on January 1, 2010.

Example 3: A 52- or 53-week year closing near the end of January is common in the retail industry. Such a taxpayer will be treated as follows:

- 2008-09 fiscal year end will be January 31, 2009.
- Due date will be May 31, 2009.
- 2009-10 fiscal year will begin on February 1, 2009.

Line 2: Country Code. If other than the United States, enter a two-digit abbreviation for a state or province and the ZIP or postal code, as appropriate, and the country code. See the list of country codes on page 153.

Correspondence regarding this return will be sent to the address used here. The taxpayer's legal address in Department of Treasury files will not change unless the taxpayer files a *Notice of Change or Discontinuance* (Form 163).

UBGs: In the Name field, enter the name of the DM for the standard members of this UBG.

Line 3: Enter a brief description of business activity (e.g., forestry, fisheries, mining, construction, manufacturing, transportation, communication, electric, gas, sanitary services, wholesale trade, retail trade, finance, or services, etc.).

Line 4: Enter the start date of first business activity in Michigan.

Line 5: Enter the entity's six-digit North American Industry Classification System (NAICS) code. For a complete list of six-digit NAICS codes, see the U.S. Census Bureau Web site at www.census.gov/eos/www/naics/, or enter the same NAICS code used when filing the entity's U.S. Form 1120, *Schedule K*, U.S. Form 1120S, U.S. Form 1065 or U.S. Form 1040, *Schedule C*.

Line 6: Enter the date, if applicable, on which the taxpayer went out of existence. To complete the discontinuance for Michigan taxes, file a *Notice of Change or Discontinuance* (Form 163), which is available on the Department Web site at www.michigan.gov/treasuryforms. If the taxpayer is still subject to another tax administered by the Department, do not use this line. Also, do not use this line if the taxpayer is a UBG and one member has stopped doing business.

Line 7: Use the taxpayer's Federal Employer Identification Number (FEIN) or the Michigan Treasury (TR) assigned number. Be sure to use the same account number on all forms.

If the taxpayer does not have an FEIN or TR number, the taxpayer **MUST** register before filing this form. Taxpayers are encouraged to register online at www.michigan.gov/businessstaxes. The Web site provides information on obtaining a FEIN, which is required to submit taxes through e-file. Taxpayers usually can obtain a FEIN from the IRS within 48 hours. Taxpayers registering with the state online usually receive an account number within seven days.

Returns received without a registered account number will not be processed until such time as a number is provided.

UBGs: Enter the FEIN or TR Number of the DM for the standard members of this UBG.

Line 8: Check the box that describes the DM's organization type. A Trust or a Limited Liability Company (LLC) should check the appropriate box based on its federal return.

Line 9: Check this box if filing a Michigan UBG return and attach Form 4580.

UBGs: A UBG member may need to calculate a pro forma tax liability to claim an entity-specific credit. See "Supplemental Instructions for Standard Members in UBGs" on page 141.

Line 10: Check this box if the taxpayer has receipts from transportation services. See page 29 on Sourcing of Sales to Michigan.

Line 11: All taxpayers should complete this line, even if all sales are taxable only to Michigan.

For a Michigan-based taxpayer, all sales are Michigan sales unless the taxpayer is subject to tax in another state. In that state, the taxpayer must be subject to a business privilege tax, a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, a Corporation stock tax, or a tax of the type imposed under the MBT Act, or that state has jurisdiction to subject the taxpayer to one or more of such taxes regardless of whether or not the tax is imposed. A taxpayer will be subject to a tax in another state if the taxpayer has due process and commerce clause nexus with that state.

Michigan business tax is based only on business activity apportioned to Michigan. A taxpayer that has not established nexus with one other state or a foreign country is subject to Michigan business tax on their entire business activity. Business activity is apportioned to Michigan based on sales.

Sale or *Sales* means the amounts received by the taxpayer as consideration from the following:

- The transfer of title to, or possession of, property that is stock in trade or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the tax period, or property held by the taxpayer primarily for sale to customers in the ordinary course of its trade or business. For intangible property, the amounts received will be limited to any gain received from the disposition of that property.
- Performance of services which constitute business activities.

- The rental, leasing, licensing, or use of tangible or intangible property, including interest, that constitutes business activity.
- Any combination of business activities described above.
- For taxpayers not engaged in any other business activities, sales include interest, dividends, and other income from investment assets and activities and from trading assets and activities.

Complete the Apportionment Calculation using amounts for the taxpayer's business activity only. Do not include amounts from an interest in a Partnership, S Corporation or LLC (unless the LLC is wholly owned by the taxpayer and disregarded for federal tax purposes).

Line 11a: Use the Sourcing of Sales to Michigan information on page 29 to determine Michigan sales. If Michigan sales reported are adjusted by a deduction for qualified sales to a qualified customer, as determined by the Michigan Economic Growth Authority (MEGA), attach the Anchor District Tax Credit Certificate or Anchor Jobs Tax Credit Certificate from MEGA as support.

For transportation services that source sales based on revenue miles, enter a sales amount on Line 11a by multiplying total sales of the transportation service by the ratio of Michigan revenue miles over revenue miles everywhere as provided in the "Sourcing of Sales to Michigan" chart for that type of transportation service. *Revenue mile* means the transportation for a consideration of one net ton in weight or one passenger the distance of one mile.

If no Michigan sales, enter zero.

PART 1: MODIFIED GROSS RECEIPTS TAX

Line 12: *Gross receipts* means the entire amount received by the taxpayer, as determined by using the taxpayer's method of accounting for federal income tax purposes, from any activity, whether in intrastate, interstate, or foreign commerce, carried out for direct or indirect gain, benefit or advantage to the taxpayer or to others, with certain exceptions. Calculation of gross receipts also involves a phased-in deduction (60 percent in the 2009 and 2010 tax years) of any amount deducted as bad debt for federal income tax purposes that corresponds to items of gross receipts included in the modified gross receipts tax base for the current tax year or a past tax year. This partial reduction is reflected in the *Gross Receipts Worksheet* (Worksheet 4700) discussed below. Receipts include, but are not limited to:

- Receipts (sales proceeds) from the sale of assets used in a business activity
- Sale of products
- Services performed
- Gratuities stipulated on a bill
- Sales tax collected on the sale of tangible personal property, subject to a phase-out schedule
- Dividend and interest income
- Gross commissions earned
- Rents
- Royalties
- Professional services
- Sales of scrap and other similar items

- Client reimbursed expenses not obtained in an agency capacity
- Gross proceeds from intercompany sales.

Use Worksheet 4700 on page 143 to calculate gross receipts. Attach this worksheet to the return. Gross receipts are not necessarily derived from the federal return, however, this worksheet will calculate gross receipts as defined by law in most instances. Taxpayers and tax professionals are expected to be familiar with uncommon situations within their experience, which produce gross receipts not identified by specific lines on this form, and report that amount on the most appropriate line. The Department may adjust the figure resulting from this worksheet to account properly for such uncommon situations.

A taxpayer should compute its gross receipts using the same accounting method used in the computation of its net income for federal income tax purposes.

NOTE: HMOs holding contract with the State of Michigan for Medicaid services, per MCL 208.1111(1) dd, should complete line 71 of Worksheet 4700 only if applicable, otherwise the exclusion will be disallowed.

Line 13: Enter inventory acquired during the tax year, including freight, shipping, delivery, or engineering charges included in the original contract price for that inventory, and any pre-paid sales tax required to be paid on the inventory at the time of purchase. Neither pre-paid sales tax, nor the sales tax collected upon resale of that inventory is excluded from gross receipts calculated on Worksheet 4700. This must be reported on line 12 of Form 4567.

Inventory means the stock of goods, including electricity and natural gas, held for resale in the ordinary course of a retail or wholesale business, and finished goods and goods in process of a manufacturer, including raw materials purchased from another person. Inventory also includes shipping and engineering charges so long as such charges are included in the original contract price for the associated inventory and floor plan interest for licensed new car dealers.

For purposes of this deduction, *floor plan interest* means interest paid that finances any part of the person's purchase of new motor vehicle inventory from a manufacturer, distributor, or supplier. However, amounts attributable to any invoiced items used to provide more favorable floor plan assistance to a person subject to the tax imposed under this act than to a person not subject to this tax are considered interest paid by a manufacturer, distributor, or supplier.

For a person that is a securities trader, broker, or dealer or a person included in the UBG of that securities trader, broker, or dealer that buys and sells for its own account, inventory includes contracts that are subject to the Commodity Exchange Act, 7 USC 1 to 27f, the cost of securities as defined under IRC § 475(c)(2) and for a securities trader the cost of commodities as defined under IRC § 475(e)(2) and for a broker or dealer the cost of commodities as defined under IRC § 475(e)(2)(b), (c), and (d), excluding interest expense other than interest expense related to repurchase agreements. As used in this provision:

- *Broker* and *dealer* mean those terms as defined under section 78c(a)(4) and (a)(5) of the Securities Exchange Act of 1934, 15 USC 78c.

- *Securities trader* means a person that engages in the trade or business of purchasing and selling investments and trading assets.

Inventory does not include either of the following:

- Personal property under lease or principally intended for lease rather than sale.
- Property allowed a deduction or allowance for depreciation or depletion under the IRC.

Line 14: Enter assets, including the costs of fabrication and installation, acquired during the tax year of a type that are, or under the IRC will become, eligible for depreciation, amortization, or accelerated capital cost recovery for federal income tax purposes.

Line 15: To the extent not included in inventory or depreciable property, enter materials and supplies, including repair parts and fuel.

Materials and supplies means tangible personal property acquired during the tax year to be used or consumed in, and directly connected to, the production or management of inventory or the operation or maintenance of depreciable assets as described previously. Materials and supplies include repair parts and fuel.

For example, a physician's or dentist's purchase of sterilizing solution during the tax year that is used to sterilize examination equipment, such as an X-ray machine, may be considered materials and supplies under MCL 208.1113(6)(c).

Line 16: A staffing company may deduct compensation of personnel supplied to its clients, including wages, benefits, worker's compensation costs, and all payroll taxes paid for personnel provided to the clients of staffing companies as defined under MBT. *Staffing company* means a taxpayer whose business activities are included in Industry Group 736 under the Standard Industrial Classification (SIC) Code as compiled by the United States Department of Labor.

Payments to a staffing company by a client do not constitute purchases from other firms.

Line 17: For taxpayers that fall under SIC major groups 15 (Building Construction General Contractors and Operative Builders), 16 (Heavy Construction Other Than Building Construction Contractors), and 17 (Construction Special Trade Contractors) who do not qualify for the Small Business Alternative Credit under MCL 208.1417, the following payments are considered purchases from other firms:

- Payments to subcontractors for a construction project under a contract specific to that project, and
- To the extent not deducted as inventory and materials and supplies, payments for materials deducted as purchases in determining the cost of goods sold for the purpose of calculating total income on the taxpayer's federal income tax return.

UBGs: The analysis of whether a person in a UBG does not qualify for a Small Business Alternative Credit should be based on whether the group as a whole qualifies. However, it is sufficient that the individual UBG member that made the

payments listed above be included in SIC codes 15, 16, or 17 in order for the payments to qualify as purchases from other firms.

Persons included in SIC codes 15, 16, and 17 include general contractors (of residential buildings including single-family homes; industrial, commercial, and institutional buildings; bridges, roads, and infrastructure, etc.); operative builders; and trade contractors (such as electricians, plumbers, painters, masons, etc.). See http://www.osha.gov/pls/imis/sic_manual.html for a more complete list.

A *subcontractor* is an Individual or entity that enters into a contract and assumes some or all of the obligations of a person included in SIC codes 15, 16, and 17 as set forth in the primary contract specific to a project. Thus, payments made to an independent contractor to provide general labor services to the contractor not specific to a particular contract do not constitute purchases from other firms. However, payments made to a subcontractor for services and materials provided under a contract specific to a particular construction project (such as the construction of commercial property on Main Street) do constitute purchases from other firms. There is no limitation or condition that the subcontractors to whom such payments are made be licensed.

The taxpayer bears the burden to prove it is entitled to a deduction in computing its tax liability. It is contemplated that good business practice would include documentation such as a written contract that would support a deduction from gross receipts for payments to subcontractors as purchases from other firms. The supporting information for payments to a subcontractor could be incorporated into the contract for the specific project or memorialized in a separate contract with a subcontractor specifying the project to which the costs pertain.

Line 18: Enter film rental or royalty payments paid by a theater owner to a film distributor, a film producer, or a film distributor and producer.

Line 19: Enter any deduction available to a Qualified Affordable Housing Project.

Public Act (PA) 168 of 2008 provides for a deduction from the modified gross receipts and apportioned business income tax bases for the buyer of affordable rental units so long as certain criteria are met. Specifically, the buyer of affordable rental units must enter into an operation agreement with the seller in which the buyer agrees to operate a specific number of the residential rental units sold as rent restricted units for a minimum of 15 years. The buyer must be a Qualified Affordable Housing Project.

Qualified Affordable Housing Project means a person that is organized, qualified, and operated as a limited dividend housing association that has a limitation on the amount of dividends or other distributions that may be distributed to its owners in any given year and has received funding, subsidies, grants, operating support, or construction or permanent funding through one or more public sources.

A *limited dividend housing association* is organized and qualified pursuant to Chapter 7 of the State Housing Development Authority Act (MCL 125.1491 et seq).

If these criteria are satisfied, the buyer may deduct from its modified gross receipts, the buyer's gross receipts attributable to residential rental units in Michigan owned by the Qualified Affordable Housing Project multiplied by a fraction, the numerator of which is the number of rent restricted units in Michigan owned by that Qualified Affordable Housing Project and the denominator of which is the number of all residential rental units in Michigan owned by the project. This deduction is reduced by the amount of limited dividends or other distributions made to the owners of the project. Amounts received by the management, construction, or development company for completion and operation of the project and rental units do not constitute gross receipts for purposes of the deduction.

The buyer is entitled to the deduction so long as the Qualified Affordable Housing Project continues to offer any of the residential rental units purchased as rent restricted units in accordance with the operation agreement.

UBGs: Leave lines 19a-19f blank and carry the amount from *MBT Unitary Business Group Combined Filing Schedule for Standard Members* (Form 4580), Part 2B, line 23g, column C, to Form 4567, line 19g.

Line 20: Enter payments made by taxpayers licensed under Article 25 (Real Estate Brokers and Salespersons) or Article 26 (Real Estate Appraisers) of the Occupational Code [MCL 339.2501 to 339.2601 and 339.2601 to 339.2637] to independent contractors licensed under Articles 25 or 26.

Line 21: There currently are no subtractions allowed that are recorded on this line. Leave this line blank.

Line 26: Enter the amount of MBT Modified Gross Receipts Tax collected in the tax year.

Section 203(5) of the MBT Act permits new motor vehicle dealers licensed under the Michigan Vehicle Code, PA 300 of 1949, MCL 257.1 to 257.923, and dealers of new or used personal watercraft to collect the Modified Gross Receipts Tax in addition to the sales price. The act states the "amount remitted to the Department for the [Modified Gross Receipts Tax] ... shall not be less than the stated and collected amount." Therefore, the entire amount of Modified Gross Receipts Tax stated and collected by new motor vehicle dealers and new and used watercraft dealers must be remitted to the Department. There should be no instance where a dealer would be collecting amounts of Modified Gross Receipts Tax from customers in excess of the amount of taxes remitted to the Department. Taxpayers who elect to separately collect the Modified Gross Receipts Tax, in addition to sales price, under MCL 208.1203(5) may file and remit the tax as estimated payments with their quarterly or monthly *Combined Return for Michigan Taxes* (Form 160) or their *MBT Quarterly Return* (Form 4548).

NOTE: Only new motor vehicle dealers and dealers of new or used personal watercraft are permitted to separately itemize and collect a tax imposed under the MBT Act from customers in addition to sales price, and that authority is limited to only the Modified Gross Receipts Tax imposed and levied under Section 203 of the MBT Act. The statute does not authorize separate itemizing and collection of the Business Income Tax or surcharge by any taxpayer.

UBGs: Add the combined total after eliminations from Form 4580, Part 2B, line 28, column C, to the number on Form 4567, line 25, and enter the sum on line 26.

PART 2: BUSINESS INCOME TAX

If business activity is protected under Public Law (PL) 86-272, complete and attach the *MBT Schedule of Business Activity Protected Under Public Law 86-272* (Form 4586). Leave lines 28 through 50 blank.

UBGs: If business activity of a UBG member is protected under PL 86-272, that member must claim protection by filing Form 4586 (if that member is the DM) or Form 4581 (if a non-designated member). Report only the activities of the member named on that form. If all members of the UBG are claiming PL 86-272 protection, then the UBG will leave lines 28 through 50 blank. So long as one member of a UBG has nexus with Michigan and exceeds the protections of PL 86-272, all members of the UBG — including members protected under PL 86-272 — must be included when calculating the UBG's Business Income Tax base and apportionment formula. PL 86-272 will only remove business income from the apportionable Business Income Tax base when all members of the UBG are protected under PL 86-272.

Line 28: *Business income* means that part of federal taxable income derived from business activity. For MBT purposes, *federal taxable income* means taxable income as defined by IRC § 63, except that federal taxable income shall be calculated as if IRC § 168(k) [as applied to qualified property placed in service after December 31, 2007] and IRC § 199 were not in effect. For a Partnership or S Corporation (or LLC federally taxed as such), business income includes payments and items of income and expense that are attributable to business activity of the Partnership or S Corporation and separately reported to the partners or shareholders.

Use the *Business Income Worksheet* (Worksheet 4746) on page 149 to calculate business income. Attach this worksheet to the return. This worksheet will calculate business income as defined by law in most instances. Taxpayers and tax professionals are expected to be familiar with uncommon situations within their experience, which produce business income not identified by specific lines on this worksheet, and report that amount on the most appropriate line. The Department may adjust the figure resulting from this worksheet to account properly for such uncommon situations.

For an organization that is a mutual or cooperative electric company exempt under IRC § 501(c)(12), business income equals the organization's excess or deficiency of revenues over expenses as reported to the federal government by those organizations exempt from the federal income tax under the IRC, less capital credits paid to members of that organization, less income attributed to equity in another organization's net income, and less income resulting from a charge approved by a state or federal regulatory agency that is restricted for a specified purpose and refundable if it is not used for the specified purpose.

For a tax-exempt person, business income means only that part of federal taxable income (as defined for MBT purposes) derived from unrelated business activity.

For an Individual or an Estate, or for a Partnership or Trust organized exclusively for estate or gift planning purposes, business income is that part of federal taxable income (as defined for MBT purposes) derived from transactions, activities, and sources in the regular course of the taxpayer's trade or business, including the following:

- All income from tangible and intangible property if the acquisition, rental, management, or disposition of the property constitutes integral parts of the taxpayer's regular trade or business operations.
- Gains or losses incurred in the taxpayer's trade or business from stock and securities of any foreign or domestic Corporation and dividend and interest income.
- Income derived from isolated sales, leases, assignment, licenses, divisions, or other infrequently occurring dispositions, transfers, or transactions involving property if the property is or was used in the taxpayer's trade or business operation.
- Income derived from the sale of a business.

NOTE: Personal investment income, gains from the sale of property held for personal use and enjoyment, or other assets not used in a trade or business, and any other income not specifically derived from a trade or business that is earned, received, or otherwise acquired by an Individual, an Estate, or a Trust or Partnership organized or established exclusively for estate or gift planning purposes, are not included in the Business Income Tax base. This exclusion only applies to the specific types of taxpayers identified above. Investment income and any other types of income earned or received by all other types of persons or taxpayers not specifically referenced must be included in the business income of the taxpayer.

Additions to Income

Additions are generally required to the extent deducted in arriving at federal taxable income. (Business income, line 28.)

Line 29: Enter any interest income and dividends from bonds and similar obligations or securities of states other than Michigan and their political subdivisions in the same amount that was excluded from federal taxable income (as defined for MBT purposes). Reduce this addition by any expenses related to the foregoing income that were disallowed on the federal return by IRC § 265 or 291.

Line 30: Enter all taxes on, or measured by, net income including city and state taxes, Foreign Income Tax, and Federal Environmental Tax claimed as a deduction on the federal return.

Line 31: Enter the Michigan Business Tax, including surcharge, claimed as a deduction on the federal return.

Line 32: Enter any net operating loss carryback or carryover that was deducted in arriving at federal taxable income (as defined for MBT purposes) reported on line 28. Enter this amount as a positive number.

Line 33: Enter any losses included in federal taxable income (as defined for MBT purposes) that are attributable to other entities whose business activities are taxable or would be subject to the tax if the business activities were in Michigan. If there is only one such entity to report, enter its FEIN or TR number in the

field on this form. If there is more than one such entity to report, enter on the form the FEIN or TR number of one of the entities and attach a list of the account numbers of the others.

Line 34: Enter any royalty, interest, or other expense paid to a person related to the taxpayer by ownership or control for the use of an intangible asset if the person is not included in the taxpayer's UBG. Royalty, interest, or other expense described here is not required to be included if the taxpayer can demonstrate that the transaction has a nontax business purpose other than avoidance of this tax, is conducted with arm's-length pricing and rates and terms as applied in accordance with IRC § 482 and 1274(d), and satisfies one of the following:

- Is a pass-through of another transaction between a third party and the related person with comparable rates and terms.
- Results in double taxation. For this purpose, double taxation exists if the transaction is subject to tax in another jurisdiction.
- Is unreasonable as determined by the Department, and the taxpayer agrees that the addition would be unreasonable based on the taxpayer's facts and circumstances.
- The related person (recipient of the transaction) is organized under the laws of a foreign nation which has in force a comprehensive income tax treaty with the United States.

Line 35: There currently are no additions required that are recorded on this line. Leave this line blank.

Subtractions from Income

Subtractions are generally available to the extent included in arriving at federal taxable income (Business Income, line 28).

Line 38: Enter any dividends and royalties received from persons other than United States persons and foreign operating entities, including, but not limited to, amounts determined under IRC § 78 or IRC § 951 to 964.

Line 39: Enter any income included in federal taxable income (as defined for MBT purposes) that is attributable to other entities whose business activities are taxable or would be subject to the tax if the business activities were in Michigan. If there is only one such entity to report, enter its FEIN or TR number in the field on this form. If there is more than one such entity to report, enter on the form the FEIN or TR number of one of the entities and attach a list of the account numbers of the others.

Line 40: To the extent included in federal taxable income (as defined for MBT purposes), deduct interest income derived from United States obligations.

Line 41: To the extent included in federal taxable income (as defined for MBT purposes), deduct any earnings that are net earnings from self-employment as defined under IRC § 1402 of the taxpayer, or a partner or LLC member of the taxpayer, except to the extent that those net earnings represent a reasonable return on capital. If less than zero, enter zero.

Under IRC § 1402, the business income of an Individual or sole proprietor, and a partner's distributive share of Partnership income, whether distributed or not, from any trade or business carried on by the Partnership, may be considered self-employment income (with certain statutory exceptions), and subject to the Federal Self-Employment Tax. Therefore,

a sole proprietorship or Partnership may deduct any income subject to the Federal Self-Employment Tax when computing the MBT Business Income Tax base. Shareholders of Corporations, including S Corporations, are not subject to the Federal Self-Employment Tax, and, as a result, no deduction is allowed for earnings from self-employment income for corporate entities. There is no deduction allowed for S Corporation distributions that is equivalent to the self-employment deduction allowed for Partnerships and sole proprietorships under MBT.

Net earnings from self-employment under IRC § 1402 generally means “the gross income derived by an Individual from any trade or business carried on by such Individual, less the deductions allowed by this subtitle which are attributable to such trade or business, plus the distributive share (whether or not distributed) of income or loss described in [IRC §] 702(a) (8) from any trade or business carried on by a Partnership of which he is a member,” subject to certain exclusions, including rentals from real estate, dividends and interest, and certain net operating losses and personal exemptions (IRC § 1402(a)).

Line 42: There currently are no subtractions allowed that are recorded on this line. Leave this line blank.

Line 45: If line 45 is negative, enter as a negative number. A loss on line 45 will create (or increase) the MBT business loss carryforward for the next year. Any negative amount on line 45 is a MBT business loss which may be carried forward to the year immediately succeeding the loss year as an offset to the allocated or apportioned Business Income Tax base, then successively to the next nine taxable years following the loss year or until the loss is used up, whichever occurs first, but for not more than ten taxable years after the loss year.

Line 46: Deduct any available MBT business loss incurred after December 31, 2007. Enter as a positive number.

Business loss means a negative business income tax base, after apportionment, if applicable.

NOTE: MBT business loss carryforward is not the same as the federal net operating loss carryforward or carryback. It also is not the same as the Single Business Tax business loss carryforward, which was partially allowed against the Modified Gross Receipts tax base only for tax years ending in 2008.

Line 47: Subtract line 46 from line 45. Any negative amount on line 47 is an MBT business loss which may be carried forward to the next filing period, except to the extent that all or some portion of this business loss has exceeded its usable life of ten tax years.

Line 48: If line 47 is positive, enter the Qualified Affordable Housing Deduction, if applicable.

PA 168 of 2008 provides for a deduction from the apportioned Business Income Tax base to a buyer and seller of residential rental units associated with a Qualified Affordable Housing Project for certain amounts associated with the sale and operation of those units so long as certain criteria are met. Specifically, the buyer of affordable rental units must be a Qualified Affordable Housing Project and must enter into an operation agreement with the seller in which the buyer agrees to operate a specific number of the residential rental units sold as rent restricted units for a

minimum of 15 years. Qualified Affordable Housing Project is further defined under instructions for line 19.

The seller may take a deduction from its apportioned Business Income Tax base equal to the gain from the sale of the residential rental units to the Qualified Affordable Housing Project, as calculated on the *MBT Qualified Affordable Housing Seller's Deduction* (Form 4579). Enter the amount from Form 4579, line 5.

The buyer may deduct from its apportioned Business Income Tax base an amount equal to the product of the buyer's taxable income attributable to residential rental units in Michigan owned by the Qualified Affordable Housing Project multiplied by a fraction, the numerator of which is the number of rent restricted units in Michigan owned by that Qualified Affordable Housing Project and the denominator of which is the number of all residential rental units in Michigan owned by the project. The buyer is entitled to the deduction so long as the Qualified Affordable Housing Project continues to offer any of the residential rental units purchased as rent restricted units in accordance with the operation agreement.

In general, taxable income attributable to residential rental units is gross rental receipts attributable to residential rental units in Michigan (purchased pursuant to an operation agreement) less rental expenses attributable to residential rental units in Michigan, including, but not limited to, repairs, interest, insurance, maintenance, utilities, and depreciation.

Specifically, Partnerships may use a *Rental Real Estate Income and Expenses of a Partnership or an S Corporation* (U.S. Form 8825) to determine its taxable income attributable to residential rental units in Michigan. To the extent that the Qualified Affordable Housing Project is taxed as something other than a Partnership or S Corporation, the Qualified Affordable Housing Project may use the *Supplemental Income and Loss* (U.S. Form 1040, *Schedule E*) or the relevant portions of the *U.S. Corporation Income Tax Return* (U.S. Form 1120), as appropriate. If the Qualified Affordable Housing Project is a Corporation, the expenses permitted should be limited to those also listed on the *Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition* (U.S. Form 8823) and U.S. Form 1040, *Schedule E*. Rental receipts and expenses must be calculated without regard to any gain or loss resulting from the disposition of rental property. Also, since Partnerships are subject to tax as a person under MBT, flow-through amounts from other Partnerships are not considered.

Improvements that increase the value of the property or extend its life, such as replacing a roof or renovating a kitchen, are not deductible rental expenses. Any passive activity loss limitations applicable to the Qualified Affordable Housing Project's federal return also apply for purposes of MCL 208.1201(7).

The buyer's deduction is reduced by the amount of limited dividends or other distributions made to the owners of the project. Income received by the management, construction, or development company for completion and operation of the project and rental units does not constitute taxable income attributable to residential rental units.

UBGs: Leave lines 48a-48h blank and carry the amount from Form 4580, Part 2B, line 44i, column C, to line 48i.

When the seller claims a deduction for the year of sale, the State will place a lien on the property equal to the amount of the seller's deduction. If the buyer fails to qualify as a Qualified Affordable Housing Project or fails to operate any of the residential rental units as rent restricted units in accordance with the operation agreement within 15 years after the date of purchase, the lien placed on the property for the amount of the seller's deduction becomes payable to the State. The lien is payable through a "recapture" to be added to the tax liability of the buyer in the year the recapture event occurs. The recapture is calculated on *MBT Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587).

PART 3: TOTAL MICHIGAN BUSINESS TAX

Line 52: In addition to the taxes imposed and levied under MBT, an annual surcharge is imposed and levied on each standard taxpayer equal to 21.99 percent of the taxpayer's tax liability.

The amount of the surcharge imposed and levied on any taxpayer may not exceed \$6,000,000 for any single tax year.

Line 55: IMPORTANT: If apportioned or allocated gross receipts are less than \$350,000, enter a zero on this line. If a business operated less than 12 months, annualize gross receipts to determine if a filing requirement exists.

UBGs: If apportioned or allocated gross receipts (gross receipts from Form 4580, Part 2B, line 16, column A, multiplied by the apportionment percentage reported on Form 4567, line 11c) are less than \$350,000, enter a zero on this line.

PART 4: PAYMENTS, REFUNDABLE CREDITS, AND TAX DUE

Line 59: Enter the total tax paid with the *MBT Quarterly Tax Return* (Form 4548), or the estimated MBT paid with Form 160 or the amount paid through Electronic Funds Transfer. Include all payments made on returns that apply to the current tax year. For example, calendar year filers include money paid with the combined returns for return periods January through December.

Amended Returns Only:

- Line 63a:** Enter payment made with original return.
- Line 63b:** Enter overpayment received (refund received plus credit forward created) on the original return.
- Line 63c:** Add lines 62 and 63a and subtract line 63b from the sum.

Line 65: If penalty and interest are owed for not filing estimated returns or for underestimating tax, complete the *MBT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4582), on page 111, to compute penalty and interest due. If a taxpayer chooses not to file this form, the Department will compute penalty and interest and bill for payment.

Line 66: Enter the annual return penalty rate in line 66a. Add the overdue tax penalty in line 66b to the overdue tax interest in line 66c. Enter total in line 66d.

Refer to "Computing Penalty and Interest" on page 15 to determine the annual return penalty rate and use the Overdue Tax Penalty and Overdue Tax Interest worksheets below.

WORKSHEET – OVERDUE TAX PENALTY

A. Tax due from Form 4567, line 64		00
B. Late/extension or insufficient payment penalty percentage		%
C. Multiply line A by line B		00

Carry amount from line C to Form 4567, line 66b.

WORKSHEET – OVERDUE TAX INTEREST

A. Tax due from Form 4567, line 64		00
B. Applicable daily interest percentage ..		%
C. Number of days return was past due ...		
D. Multiply line B by line C		%
E. Multiply line A by line D		00

Carry amount from line E to Form 4567, line 66c.

Line 66c: NOTE: If the late period spans more than one interest rate period, divide the late period into the number of days in each of the interest rate periods identified under "Computing Penalty and Interest" on page 15 and apply the calculations in the Overdue Tax Interest worksheet separately to each portion of the late period. Combine these interest subtotals and carry the total to line 66c.

PART 5: REFUND OR CREDIT FORWARD

Line 68: If the amount of the overpayment, less any penalty and interest due on lines 65 and 66d is less than zero, enter the difference (as a positive number) on line 67. If the amount is greater than zero, enter on line 68.

Line 69: If the taxpayer anticipates an MBT liability in the filing period subsequent to this return, some or all of any overpayment from line 68 may be credited forward to the next period. Enter the desired credit forward amount here.

Reminder: Taxpayers must sign and date returns. Preparers must provide a Preparer Taxpayer Identification Number (PTIN), FEIN or Social Security number (SSN), a business name, and a business address and phone number.

Attachments

Federal Forms: Attach copies of these forms to the return.

UBGs: See Form 4580 instructions for information regarding federal attachments for members of UBGs.

- **C Corporations:** U.S. Form 1120 (pages 1 through 4), *Schedule D*, Form 851, Form 4562, and Form 4797. If filing as part of a consolidated federal return, attach a pro forma or consolidated schedule.
- **S Corporations:** U.S. Form 1120-S (pages 1 through 4)*, *Schedule D*, Form 851, Form 4562, Form 4797, Form 8825.
- **Individuals:** U.S. Form 1040 (pages 1 and 2), *Schedules C, C-EZ, D, E*, and Form 4797.
- **Fiduciaries:** U.S. Form 1041 (pages 1 through 4), *Schedule D*, and Form 4797.
- **Partnerships:** U.S. Form 1065, (pages 1 through 5)*, *Schedule D*, Form 4797, and Form 8825.
- **Limited Liability Companies:** Attach appropriate schedules shown above based on federal return filed.

* Do not send copies of K-1s. The Department will request them if necessary.

Sourcing of Sales to Michigan

TANGIBLE AND REAL PROPERTY

Sale of tangible personal property

Property is shipped or delivered, or, in the case of electricity and gas, the contract requires the property to be shipped or delivered, to any purchaser within this State based on the ultimate destination at the point that the property comes to rest regardless of the free on board point or other conditions of the sales.

NOTE: *Tangible personal property* means that term as defined in Section 2 of the Use Tax Act, Public Act (PA) 94 of 1937, MCL 205.92.

Sale, lease, rental or licensing of real property

Property is located in this State.

Lease or rental of tangible personal property

To the extent the property is used in this State. Extent of use is determined by multiplying the receipts by a fraction, the numerator of which is the number of days of physical location of the property in this State during the lease or rental period in the tax year and the denominator of which is the number of days of physical location of the property everywhere during all lease or rental periods in the tax year.

If the physical location of the property during the lease or rental period is unknown or cannot be determined, the tangible personal property is used in the state in which the property was located at the time the lease or rental payer obtained possession.

Lease or rental of mobile transportation property owned by the taxpayer

To the extent property is used in this State. For example, the extent an aircraft will be deemed to be used is determined by multiplying all the receipts from the lease or rental of the aircraft by a fraction, the numerator of the fraction is the number of landings of the aircraft in this State and the denominator of the fraction is the total number of landings of the aircraft.

If the extent of use of any transportation property within this State cannot be determined, then the receipts are in this State if the property has its principal base of operations in this State.

INTANGIBLE PROPERTY (IN GENERAL)

Royalties and other income received for use of or for the privilege of using intangible property including patents, knowhow, formulas, designs, processes, patterns, copyrights, trade names, service names, franchises, licenses, contracts, customer lists, computer software, or similar items

Property is used by the purchaser in this State. If property is used in more than one state, royalties or other income will be apportioned to this State pro rata according to the portion of use in this State.

If the portion of use in this State cannot be determined, the

royalties or other income will be excluded from both the numerator and the denominator.

If the purchaser of intangible property uses it or the rights to the intangible property, in the regular course of its business operations in this State, regardless of the location of the purchaser's customers.

SALES FROM PERFORMANCE OF SERVICES (IN GENERAL)

Receipts from performance of services, in general

Recipient of services receives all of the benefit of the services in this State.

If the recipient of the services receives some of the benefit of the services in this State, receipts are included in the numerator of the apportionment factor in proportion to the extent that the recipient receives benefit of the services in this State.

FINANCIAL SERVICES

Sales derived from securities brokerage services including commissions on transactions, the spread earned on principal transactions in which broker buys or sells from its account, total margin interest paid on behalf of brokerage accounts owned by broker's customers, and fees and receipts of all kinds from underwriting of securities

Multiply the total dollar amount of receipts from securities brokerage services by a fraction, the numerator of which is the sales of securities brokerage services to customers within this State, and the denominator of which is the sales of securities brokerage services to all customers.

If receipts from brokerage services can be associated with a particular customer, but it is impractical to associate the receipts with the address of the customer, then the address of the customer will be presumed to be the address of the branch office that generates the transactions for the customer.

Sales of services derived directly or indirectly from sale of management, distribution, administration, or securities brokerage services to, or on behalf of, a regulated investment company or its beneficial owners, including receipts derived directly or indirectly from trustees, sponsors, or participants of employee benefit plans that have accounts in a regulated investment company

To the extent the shareholders of the regulated investment company are domiciled within this State. For this purpose, *domicile* means the shareholder's mailing address on the records of the regulated investment company.

If the regulated investment company or the person providing management services to the regulated investment company has actual knowledge that the shareholder's primary residence or principal place of business is different than the shareholder's mailing address, then the shareholder's primary residence or principal place of business is the shareholder's domicile.

A separate computation must be made with respect to receipts derived from each regulated investment company. Total amount of sales attributable to this State must be equal to total receipts received by each regulated investment company multiplied by a fraction determined as follows:

- The numerator of the fraction is the average of the sum of the beginning-of-year and end-of-year number of shares owned by the regulated investment company shareholders who have their domicile in this State.
- The denominator of the fraction is the average of the sum of the beginning-of-year and end-of-year number of shares owned by all shareholders.
- For purposes of the fraction, the year will be the tax year of the regulated investment company that ends with or within the tax year of the taxpayer.

Receipts from the origination of a loan or gains from sale of a loan secured by residential real property

Only if one or more of the following apply:

- Real property is located in this State.
- Real property is located both within this State and one or more other states and more than 50 percent of the fair market value of the real property is located within this State.
- More than 50 percent of the real property is not located in any one state and the borrower is located in this State.*

Interest from loans secured by real property

Property is located in this State.

If property is located both in this State and one or more other states, if more than 50 percent of the fair market value of the real property is located within this State.

If more than 50 percent of the fair market value of the real property is not located within any one state, if the borrower is located in this State.*

The determination of whether the real property securing a loan is located in this State will be made at the time the original agreement was made and any and all subsequent substitutions of collateral will be disregarded.

Interest from a loan not secured by real property

Borrower is located in this State*

Gains from sale of a loan not secured by real property, including income recorded under coupon stripping rules of IRC 1286

Borrower is located in this State*

Credit card receivables, including interest, fees, and penalties from credit card receivables and receipts from fees charged to cardholders, such as annual fees

Billing address of the cardholder is located in this State

Sale of credit card or other receivables

Billing address of the customer is located in this State

Credit card issuer's reimbursements fees

Billing address of the cardholder is located in this State.

Merchant discounts, computed net of any cardholder chargebacks, but not reduced by any interchange transaction fees or by any issuer's reimbursement fees paid to another for charges made by its cardholders

Commercial domicile of the merchant is located in this State.

Loan servicing fees derived from loans of another secured by real property

Real property is located in this State.

Real property is located both in and out of this State and one or more states if more than 50 percent of the fair market value of the real property is located in this State.

More than 50 percent of the fair market value of the real property is not located in any one state, and the borrower is located in this State.*

If the location of the security cannot be determined, then loan servicing fees for servicing either the secured or the unsecured loans of another are in this State if the lender to whom the loan servicing service is provided is located in this State.

Loan servicing fees derived from loans of another not secured by real property

Borrower is located in this State.*

If location of the security cannot be determined, then loan servicing fees for servicing either the secured or the unsecured loans of another are in this State if the lender to whom the loan servicing service is provided is located in this State.

Sale of securities and other assets from investment and trading activities, including, but not limited to, interest, dividends, and gains

Attributable to the State if the person's customer is in this State, or if the location of the person's customer cannot be determined, both of the following:

- Interest, dividends, and other income from investment assets and activities and from trading assets and activities, including, but not limited to, investment securities; trading account assets; federal funds; securities purchased and sold under agreements to resell or repurchase; options; futures contracts; forward contracts; notional principal contracts such as swaps; equities; and foreign currency transactions are in this State if the average value of the assets is assigned to a regular place of business of the taxpayer within this State.
 - Interest from federal funds sold and purchased and from securities purchased under resale agreements and securities sold under repurchase agreements are in this State if the average value of the assets is assigned to a regular place of business of the taxpayer within this State.
 - Amount of receipts and other income from investment assets and activities is in this State if assets are assigned to a regular place of business of the taxpayer within this State.

*A borrower is considered located in this State if the borrower's billing address is in this State.

- Amount of receipts from trading assets and activities, including, but not limited to, assets and activities in the matched book, in the arbitrage book, and foreign currency transactions, but excluding amounts otherwise sourced in this section, are in this State if the assets are assigned to a regular place of business of the taxpayer within this State.

TRANSPORTATION SERVICES

Receipts from transportation services

Generally, receipts will be proportioned based on the ratio that revenue miles of the person in this State bear to the revenue miles of the person everywhere.

Receipts from maritime transportation services will be attributable to this State as follows:

- 50 percent of those receipts that either originate or terminate in this State.
- 100 percent of those receipts that both originate and terminate in this State.

Receipts attributable to this State of a person whose business activity consists of the transportation of:

- Property and individuals – Proportioned based on the total gross receipts for passenger miles and ton mile fractions, separately computed and individually weighted by the ratio of gross receipts from passenger transportation to total gross receipts from all transportation, and by the ratio of gross receipts from freight transportation to total gross receipts from all transportation, respectively.

Michigan Ton Miles	X	Gross Receipts from Transportation of Property
Total Ton Miles		
	+	
Michigan Passenger Miles	X	Gross Receipts from Transportation of Passengers
Total Passenger Miles		
= Michigan Sales from Transportation Services		

- Oil by pipeline – Proportioned based on the ratio that the gross receipts for the barrel miles transported in this State bear to the gross receipts for the barrel miles transported by the person everywhere.
- Gas by pipeline – Proportioned based on the ratio that the gross receipts for the 1,000 cubic feet miles transported in this State bear to the gross receipts for the 1,000 cubic feet miles transported by the person everywhere.

NOTE: If a taxpayer can show that revenue mile information is not available or cannot be obtained without unreasonable expense to the taxpayer, receipts attributable to this State will be that portion of the revenue derived from transportation services everywhere performed that the miles of transportation services performed in this State bears to the miles of transportation services performed everywhere. If the Department determines that the information required for the calculations above are not available or cannot be obtained without unreasonable expense to the taxpayer, the Department

may use other available information that in the opinion of the Department will result in an equitable allocation of the taxpayer's receipts to this State.

TELECOMMUNICATIONS SERVICES

Sale of telecommunications service or mobile telecommunications service, in general

Customer's place of primary use of the service is in this State. As used here, *place of primary use* means the customer's residential street address or primary business street address where the customer's use of the telecommunications service primarily occurs.

For mobile telecommunications service, the customer's residential street address or primary business street address is the place of primary use only if it is within the licensed service area of the customer's home service provider.

Sale of telecommunications service sold on an individual call-by-call basis

Call both originates and terminates in this State.

Call either originates or terminates in this State and the service address is located in this State.

Sale of postpaid telecommunications service

Origination point of telecommunication signal (as first identified by the service provider's telecommunication system or as identified by information received by the seller from its service provider if system used to transport telecommunication signals is not the seller's) is located in this State.

Sale of prepaid telecommunications service or prepaid mobile telecommunications service

Purchaser obtains the prepaid card or similar means of conveyance at a location in this State.

Recharging a prepaid telecommunications service or mobile telecommunications service

Purchaser's billing information indicates a location in this State.

Sale of private communication services

100 percent of the receipts from the sale of each channel termination point within this State.

100 percent of the receipts from the sale of the total channel mileage between each termination point within this State.

50 percent of the receipts from the sale of service segments for a channel between two customer channel termination points, one of which is located in this State and the other is located outside of this State, which segments are separately charged.

Receipts from the sale of service for segments with a channel termination point located in this State and in two or more other states or equivalent jurisdictions, and which segments are not separately billed, are in this State based on a percentage determined by dividing the number of customer channel termination points in this State by the total number of customer channel termination points.

Sale of billing services and ancillary services for telecommunications service

Based on the location of the purchaser's customers.

If the location of the purchaser's customers is not known or cannot be determined, the sale of billing services and ancillary services for telecommunications service are in this State based on the location of the purchaser.

To access a carrier's network or from the sale of telecommunications services for resale

100 percent of the receipts from access fees attributable to intrastate telecommunications service that both originates and terminates in this State.

50 percent of the receipts from access fees attributable to interstate telecommunications service if the interstate call either originates or terminates in this State.

100 percent of receipts from interstate end user access line charges, if customer's service address is in this State. As used here, "interstate end user access line charges" includes, but is not limited to, the surcharge approved by the federal communications commission and levied pursuant to 47 CFR 69.

Gross receipts from sales of telecommunications services to other telecommunication service providers for resale will be sourced to this State using the apportionment concepts used for non-resale receipts of telecommunications services if the information is readily available to make that determination. If the information is not readily available, then the taxpayer may use any other reasonable and consistent method.

Taxpayer whose business activities include live radio or television programming as described in Subsector Code 7922 of Industry Group 792 or are included in Industry Groups 483, 484, 781, or 782, under the SIC Code as compiled by the U.S. Department of Labor, or any combination of the business activities included in those groups

Media receipts are attributable to this State only if the commercial domicile of the customer is in this State and the customer has a direct connection or relationship with the taxpayer pursuant to a contract under which the media receipts are derived.

Media receipts from the sale of advertising are attributable to this State if the customer of that advertising is commercially domiciled in this State and receives some of the benefit of the sale of that advertising in this State. Sales are included in proportion to the extent that the customer receives the benefit of the advertising in this State.

If the taxpayer is a broadcaster and if the customer receives some of the benefit of the advertising in this State, the media receipts for that sale of advertising from that customer will be proportioned based on the ratio that the broadcaster's viewing or listening audience in this State bears to its total viewing or listening audience everywhere.

Media property means motion pictures, television programs, internet programs and Web sites, other audiovisual works, and

any other similar property embodying words, ideas, concepts, images, or sound without regard to the means or methods of distribution or the medium in which the property is embodied.

Media receipts means receipts from the sale, license, broadcast, transmission, distribution, exhibition, or other use of media property and receipts from the sale of media services. Media receipts do not include receipts from the sale of media property that is a consumer product that is ultimately sold at retail.

Media services means services in which the use of the media property is integral to the performance of those services.

NOTE: Terms used to describe the sale of telecommunications service or mobile telecommunications service have the same meaning as those terms defined in the streamlined sales and use tax agreement administered under the Streamlined Sales and Use Tax Administration Act, PA 174 of 2004, MCL 205.801 to 205.833.

OTHER

Default for all other receipts not otherwise sourced here

Sourced based on where the benefit to the customer is received, or if where the benefit to the customer is received cannot be determined, sourced to the customer's location.

☐ **Check if this is an amended return.**
Attach supporting documents.

2009 MICHIGAN Business Tax Simplified Return

Issued under authority of Public Act 36 of 2007.

This form may be used instead of the standard Form 4567, Michigan Business Tax Annual Return, if all of the following conditions apply:

- Gross receipts do not exceed \$19,000,000.
- Adjusted business income does not exceed \$1,329,900.
- Filer is not apportioning business activity.
- Filer is not a member of a Unitary Business Group filing a combined return.
- Filer is not required to recapture credits or deductions.
- Filer is not claiming credits on Form 4584.
- No partner has distributive income of more than \$160,000. Partnerships must attach Form 4578.
- No individual, shareholder or officer has allocated income of more than \$160,000. Corporations must attach Form 4577.

				MM-DD-YYYY				MM-DD-YYYY			
1. Return is for calendar year 2009 or for tax year beginning:										and ending:	
2. Name (print or type)						7. Federal Employer Identification Number (FEIN) or TR Number					
Doing Business As (DBA)						8. Organization Type (LLC or Trust, see instructions)					
Street Address						<input type="checkbox"/> Individual <input type="checkbox"/> C Corporation / LLC C Corporation					
City			State		ZIP/Postal Code		Country Code		<input type="checkbox"/> Fiduciary <input type="checkbox"/> S Corporation / LLC S Corporation		
3. Principal Business Activity						4. Business Start Date					
5. NAICS (North American Industry Classification System) Code						6. If Discontinued, Effective Date					

PART 1: CALCULATION OF TAX

9. Gross Receipts (see instructions).....	9.		00
10. Business Income (see instructions).....	10.		00
11. Capital loss and/or carryover or carryback of federal net operating loss. Enter as a positive number	11.		00
12. Compensation and director fees of active shareholders from Form 4577, line 3	12.		00
13. Compensation and director fees of officers from Form 4577, line 4.....	13.		00
14. Adjusted Business Income. Add lines 10 through 13.....	14.		00
15. Tax Before All Other Credits. Multiply line 14 by 1.8% (0.018). If less than zero, enter zero. If gross receipts are greater than \$700,000, skip lines 16 through 20 and enter the amount from line 15 on line 21	15.		00
16. Threshold Ceiling.....	16.	700,000	00
17. Gross Receipts from line 9. If less than 12 months, enter the annualized amount	17.		00
18. Excess Gross Receipts. Subtract line 17 from line 16.....	18.		00
19. Gross Receipts Filing Threshold Credit Percentage. Divide line 18 by 350,000	19.		%
20. Gross Receipts Filing Threshold Credit. Multiply line 15 by line 19.....	20.		00
21. Tax After Gross Receipts Filing Threshold Credit. Subtract line 20 from line 15.....	21.		00

PART 2: PAYMENTS AND REFUNDABLE CREDITS

22.	Overpayment credited from prior MBT return.....	22.		00
23.	Estimated tax payments	23.		00
24.	Tax paid with request for extension	24.		00
25.	Refundable credits from Form 4574, line 25	25.		00
26.	Total. Add lines 22 through 25. (If not amending, then skip to line 28.).....	26.		00
27.	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> AMENDED RETURN ONLY </div> a. Payment made with the original return	27a.		00
		27b.		00
		27c.		00

PART 3: TAX DUE/OVERPAYMENT

28.	TAX DUE. Subtract line 26 (or line 27c, if amending) from line 21. If less than zero, leave blank.....	28.		00
29.	Underpaid estimate penalty and interest from Form 4582, line 38.....	29.		00
30.	Annual return penalty (a) <input type="text"/> % = (b) <input type="text"/> 00 plus interest of (c) <input type="text"/> 00. Total.....	30d.		00
31.	PAYMENT DUE. If line 28 is blank, go to line 32. Otherwise, add lines 28, 29 and 30d and enter here	31.		00
32.	Overpayment. Subtract lines 21, 29 and 30d from line 26 (or line 27c, if amending). If less than zero, leave blank (see instructions).....	32.		00
33.	CREDIT FORWARD. Amount of overpayment on line 32 to be credited forward	33.		00
34.	REFUND. Amount of overpayment on line 32 to be refunded.....	34.		00

Taxpayer Certification. I declare under penalty of perjury that the information in this return and attachments is true and complete to the best of my knowledge.		Preparer Certification. I declare under penalty of perjury that this return is based on all information of which I have any knowledge.	
<input type="checkbox"/> By checking this box, I authorize Treasury to discuss my return with my preparer.		Preparer's PTIN, FEIN or SSN <input type="text"/>	
Authorized Signature for Tax Matters <div style="border: 1px solid black; height: 40px; width: 100%;"></div>		Preparer's Business Name (print or type) <div style="border: 1px solid black; height: 40px; width: 100%;"></div>	
Authorized Signer's Name (print or type)	Date	Preparer's Business Address and Telephone Number (print or type)	
Title	Telephone Number		

Return is due April 30 or on or before the last day of the 4th month after the close of the tax year.

WITHOUT PAYMENT: Mail return to:

Michigan Department of Treasury
P.O. Box 30783
Lansing, MI 48909

WITH PAYMENT: Pay amount on line 31 and mail check and return to:

Michigan Department of Treasury
P.O. Box 30113
Lansing, MI 48909

Make check payable to "State of Michigan."
Print taxpayer's FEIN or TR Number, the taxpayer's name, and "MBT" on the front of the check. Do not staple the check to the return.

Instructions for Form 4583

Michigan Business Tax (MBT) Simplified Return

Purpose

This form allows qualifying standard taxpayers to claim the Small Business Alternative Credit and to file and pay the MBT due without computing the Business Income Tax or Modified Gross Receipts Tax imposed under Sections 201 and 203 of the MBT Act. Qualified taxpayers may also use this form to claim the Gross Receipts Filing Threshold Credit and any refundable credits for which they are eligible.

NOTE: The *MBT Election of Refund or Carryforward of Credits* (Form 4584) cannot be used in conjunction with this form.

Eligibility

Standard taxpayers (all taxpayers who are not financial institutions or insurance companies) are eligible to use this form if all of the following conditions apply:

- Gross receipts do not exceed \$19,000,000.
- Adjusted business income does not exceed \$1,329,900.
- Adjusted business income does not exceed \$160,000 for Individuals or Fiduciaries.
- Filer is not a member of a Unitary Business Group (UBG) filing a combined return.
- Filer does not have to complete the *MBT Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587).
- Filer is not apportioning business activity.
- No partner has distributive income of more than \$160,000. Partnerships must attach the *MBT Schedule of Partners* (Form 4578).
- No individual, shareholder or officer has allocated income over \$160,000. Corporations must attach the *MBT Schedule of Shareholders and Officers* (Form 4577). (Does not apply to Individuals and Fiduciaries filing as Individuals.)

NOTE: Taxpayers leasing employees from professional employer organizations must include the compensation of officers (of the operating company) and shareholders who receive compensation in determining the eligibility for Small Business Alternative Credit even though their compensation is paid by the professional employer organization.

NOTE: A member of a Limited Liability Company (LLC) is characterized for MBT purposes as a partner, shareholder, or owner based on the federal tax classification of the LLC. An LLC taxed as a Partnership for federal purposes must file as a Partnership for MBT. Similarly, an LLC taxed as a C Corporation or S Corporation for federal purposes must file under that same status for MBT.

Corporations: Allocated income for a C Corporation is either:

- a) Shareholder or officer compensation and director fees from Form 4577, column L, or
- b) Shareholder or officer compensation, director fees, and share of business income or loss from Form 4577, column N.

If either (a) or (b) is greater than \$160,000, the Corporation is not eligible to file this form.

Allocated income for an S Corporation is shareholder compensation, director fees, and share of business income or loss from Form 4577, column N.

Even if eligible to file this form, a taxpayer may pay a lower tax by filing the *MBT Annual Return* (Form 4567) and taking the Small Business Alternative Credit using the *MBT Common Credits for Small Businesses* (Form 4571). This is especially true if any of the following applies:

- An MBT business loss carryforward exists, or
- A nonrefundable or hybrid (Form 4584) credit may be claimed.

Tax Period Less Than 12 Months: If a business operates less than 12 months, annualize gross receipts, business income, and all shareholders, officers, and partners' income to determine the eligibility for a Small Business Alternative Credit. Do not use annualized numbers on the return, unless requested; use them only to determine filing requirements and qualifications for credits.

Line-by-Line Instructions

Lines not listed are explained on the form.

Dates must be entered in MM-DD-YYYY format.

See page 14 for periods less than 12 months.

Amended Returns: Check the box (upper-right corner, page 1) if this is an amended return, and attach a separate sheet explaining the reason for the changes. Attach any supporting documents including an amended federal return or a signed and dated Internal Revenue Service (IRS) audit document.

Refund Only: For taxpayers with allocated gross receipts less than \$350,000, who are otherwise eligible to use this form and are filing this form to claim a refund of estimates paid, skip lines 10 through 21 and lines 28 through 31.

Line 1: If not a calendar year taxpayer, enter the beginning and ending dates that correspond to the taxable period reported to the IRS.

Tax year means the calendar year, or the fiscal year ending during the calendar year, upon the basis of which the tax base of a taxpayer is computed. If a return is made for a part of a year, tax year means the period for which the return is made. Generally, a taxpayer's tax year is for the same period as is covered by its federal income tax return. A taxpayer that has a 52- or 53-week tax year beginning not more than seven days before December 31 of any year is considered to have a tax year beginning after December of that year.

Example 1: A taxpayer with a federal tax year beginning on Monday, December 29, 2008, will be treated as follows:

- 2008 tax year end of December 31, 2008.
- Due date of April 30, 2009.
- 2009 tax year beginning January 1, 2009.

Example 2: A taxpayer with a federal tax year ending on Sunday, January 3, 2010, will be treated as follows:

- 2009 tax year end of December 31, 2009.
- Due date of April 30, 2010.
- 2010 tax year beginning on January 1, 2010.

Example 3: A 52- or 53-week year closing near the end of January is common in the retail industry. Such a taxpayer will be treated as follows:

- 2008-09 fiscal year end will be January 31, 2009.
- Due date will be May 31, 2009.
- 2009-10 fiscal year will begin on February 1, 2009.

Line 2: Country Code. If other than the United States, enter a two-digit abbreviation for a state or province and the Zip or postal code, as appropriate, and the country code. See the list of country codes on page 153.

Correspondence regarding this return will be sent to the address used here. The taxpayer's legal address in Department of Treasury files will not change unless the taxpayer files a *Notice of Change or Discontinuance* (Form 163).

Line 3: Enter a brief description of business activity (for example, forestry, fisheries, mining, construction, manufacturing, transportation, communication, electric, gas, sanitary services, wholesale trade, retail trade, finance, or services, etc.).

Line 4: Enter the start date of first business activity in Michigan.

Line 5: Enter the entity's six-digit North American Industry Classification System (NAICS) code. For a complete list of six-digit NAICS codes, see the U.S. Census Bureau Web site at www.census.gov/eos/www/naics/, or enter the same NAICS code used when filing the entity's U.S. Form 1120, *Schedule K*, U.S. Form 1120S, U.S. Form 1065 or U.S. Form 1040, *Schedule C*.

Line 6: Enter the date, if applicable, on which taxpayer went out of existence. To complete the discontinuance for Michigan taxes, file a *Notice of Change or Discontinuance* (Form 163), which is available on the Department of Treasury Web site at www.michigan.gov/treasuryforms. If the taxpayer is still subject to another tax administered by the Department, do not use this line.

Line 7: Use the taxpayer's Federal Employer Identification Number (FEIN) or the Michigan Treasury (TR) assigned number. Be sure to use the same account number on all forms.

If the taxpayer does not have an FEIN or TR number, the taxpayer **MUST** register before filing this form. Taxpayers are encouraged to register online at www.michigan.gov/businessstaxes. The Web site provides information on obtaining an FEIN, which is required to submit taxes through e-file. Taxpayers usually can obtain an FEIN from the IRS within 48 hours. Taxpayers registering with the State online usually receive an account number within seven days.

Returns received without a registered account number will not be processed until such time as a number is provided.

Line 8: Check the box that describes the organization type. A Trust or LLC should check the appropriate box based on its federal return.

Part 1: Calculation of Tax

Line 9: Gross receipts means the entire amount received by the taxpayer, as determined by using the taxpayer's method of accounting for federal income tax purposes, from any activity, whether in intrastate, interstate, or foreign commerce, carried out for direct or indirect gain, benefit, or advantage to the taxpayer or to others, with certain exceptions. Calculation of gross receipts also involves a phased-in deduction (60 percent in the 2009 and 2010 tax years) of any amount deducted as bad debt for federal income tax purposes that corresponds to items of gross receipts included in the modified gross receipts tax base for the current tax year or a past tax year. This partial reduction is reflected in the *Gross Receipts Worksheet* (Worksheet 4700) discussed below. Receipts include, but are not limited to:

- Receipts (sales proceeds) from the sale of assets used in a business activity
- Sale of products
- Services performed
- Gratuities stipulated on a bill
- Sales tax collected on the sale of tangible personal property, subject to a phase-out schedule
- Dividend and interest income
- Gross commissions earned
- Rents
- Royalties
- Professional services
- Sales of scrap and other similar items
- Client reimbursed expenses not obtained in an agency capacity
- Gross proceeds from intercompany sales.

Use Worksheet 4700 on page 143 to calculate gross receipts. Attach this worksheet to the return. Gross receipts are not necessarily derived from the federal return, however, this worksheet will calculate gross receipts as defined by law in most instances. Taxpayers and tax professionals are expected to be familiar with uncommon situations within their experience, which produce gross receipts not identified by specific lines on this form, and report that amount on the most appropriate line. The Department may adjust the figure resulting from this worksheet to account properly for such uncommon situations.

NOTE: Health Maintenance Organizations (HMOs) holding contract with the State of Michigan for Medicaid services, per MCL 208.1111(1) dd, should complete line 71 of Worksheet 4700 only if applicable, otherwise the exclusion will be disallowed.

A taxpayer should compute its gross receipts using the same accounting method used in the computation of its net income for federal income tax purposes.

Line 10: *Business income* means that part of federal taxable income derived from business activity. For MBT purposes, *federal taxable income* means taxable income as defined in Internal Revenue Code (IRC) § 63, except that federal taxable income shall be calculated as if IRC § 168(k) [as applied to qualified property placed in service after December 31, 2007] and IRC § 199 were not in effect. For a Partnership or S Corporation

(or LLC federally taxed as such), business income includes payments and items of income and expense that are attributable to business activity of the Partnership or S Corporation and separately reported to the partners or shareholders.

Use the *Business Income Worksheet* (Worksheet 4746) on page 149 to calculate business income. Attach this worksheet to the return. This worksheet will calculate business income as defined by law in most circumstances. Taxpayers and tax professionals are expected to be familiar with uncommon situations within their experience, which produce business income not identified by specific lines on this worksheet, and report that amount on the most appropriate line. The Department may adjust the figure resulting from this worksheet to account properly for such uncommon situations.

For an organization that is a mutual or cooperative electric company exempt under IRC § 501(c)(12), business income equals the organization’s excess or deficiency of revenues over expenses as reported to the federal government, less capital credits paid to members of that organization, less income attributed to equity in another organization’s net income, and less income resulting from a charge approved by a state or federal regulatory agency that is restricted for a specified purpose and refundable if it is not used for the specified purpose.

For a tax-exempt person, *business income* means only that part of federal taxable income (as defined for MBT purposes) derived from unrelated business activity.

For an Individual or an Estate, or for a Partnership or Trust organized exclusively for estate or gift planning purposes, business income is that part of federal taxable income (as defined for MBT purposes) derived from transactions, activities, and sources in the regular course of the taxpayer’s trade or business, including the following:

- All income from tangible and intangible property if the acquisition, rental, management, or disposition of the property constitutes integral parts of the taxpayer’s regular trade or business operations.
- Gains or losses incurred in the taxpayer’s trade or business from stock and securities of any foreign or domestic Corporation and dividend and interest income.
- Income derived from isolated sales, leases, assignment, licenses, divisions, or other infrequently occurring dispositions, transfers, or transactions involving property if the property is or was used in the taxpayer’s trade or business operation.
- Income derived from the sale of a business.

NOTE: Personal investment income, gains from the sale of property held for personal use and enjoyment or other assets not used in a trade or business, and any other income not specifically derived from a trade or business that is earned, received, or otherwise acquired by an Individual, an Estate, or a Trust or Partnership organized or established exclusively for estate or gift planning purposes, are not included in the Business Income Tax base. This exclusion only applies to the specific types of taxpayers identified above. Investment income and any other types of income earned or received by all other types of persons or taxpayers not specifically referenced must be included in the business income of the taxpayer.

Line 11: Enter all capital losses that were used federally to offset capital gain. This is not the net figure found on the *Schedule D* lines identified below, but rather the amount of capital losses that were used in reaching the net figure on those federal return lines. If filing U.S. Form *1040* or *1041*, include the capital loss amount that the Individual or Fiduciary was able to use against the capital gain and the capital loss amount that the Individual or Fiduciary was permitted to deduct from ordinary income (\$3,000 or less). Use both long-term and short-term capital losses here.

Identify the capital losses used in calculating the net figure using “Net short-term capital gain or (loss)” and “Net long-term capital gain or (loss)” from Schedule D of federal Forms *1040*, *1041*, *1065*, *1120* and *1120S*, as applicable.

Also include on this line the net operating loss carryback or carryover from the federal schedule that was included in the business income reported on line 10. Report each of these figures as a positive number.

Line 17: Enter amount from line 9. If less than 12 months, enter the annualized amount.

Part 2: Payments and Refundable Credits

Line 23: Enter the total tax paid with the *MBT Quarterly Tax Return* (Form 4548), or the estimated MBT paid with the *Combined Return for Michigan Taxes* (Form 160), or the amount paid through Electronic Funds Transfer. Include all payments made on returns that apply to the current tax year. For example, calendar-year filers include money paid with the combined returns for return periods January through December.

Amended Returns Only:

Line 27a: Enter payment made with original return.

Line 27b: Enter overpayment received (refund received plus credit forward created) on the original return.

Line 27c: Add lines 26 and 27a and subtract line 27b from the sum.

Part 3: Tax Due / Overpayment

Line 29: If penalty and interest are owed for not filing estimated returns or for underestimating a tax, complete the *MBT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4582) on page 111 to compute penalty and interest due. If a taxpayer prefers not to file this form, the Department will compute the penalty and interest and bill for payment.

Line 30: Enter the annual return penalty rate in line 30a. Add the overdue tax penalty in line 30b to the overdue tax interest in line 30c. Enter total in line 30d.

Refer to “Computing Penalty and Interest” on page 15 to determine the annual return penalty rate and use the Overdue Tax Penalty and Overdue Tax Interest worksheets below.

WORKSHEET – OVERDUE TAX PENALTY		
A. Tax due from Form 4583, line 28		00
B. Late/extension or insufficient payment penalty percentage.....		%
C. Multiply line A by line B.....		00
Carry amount from line C to Form 4583, line 30b.		

WORKSHEET – OVERDUE TAX INTEREST

A. Tax due from Form 4583, line 28		00
B. Applicable daily interest percentage ..		%
C. Number of days return was past due ...		
D. Multiply line B by line C		%
E. Multiply line A by line D		00

Carry amount from line E to Form 4583 line 30c.

Line 30c: NOTE: If the late period spans more than one interest rate period, divide the late period into the number of days in each of the interest rate periods identified under “Computing Penalty and Interest” on page 15 and apply the calculations in the Overdue Tax Interest worksheet separately to each portion of the late period. Combine these interest subtotals and carry the total to Form 4583, line 30c.

Line 32: If the amount of overpayment, less any penalty and interest due on lines 29 and 30d, is less than zero, enter the difference (as a positive number) on line 31. If the amount is greater than zero, enter on line 32.

Line 33: If the taxpayer anticipates an MBT liability in the filing period subsequent to this return, some or all of any overpayment from line 32 may be credited forward to the next period. Enter the desired credit forward amount here.

Reminder: Taxpayers must sign and date returns. Tax preparers must provide a Preparer Taxpayer Identification Number (PTIN), FEIN or Social Security number (SSN), a business name, and a business address and phone number.

Attachments

Federal Forms: Attach copies of these forms to the return.

- **C Corporations:** U.S. Form *1120* (pages 1 through 4), *Schedule D*, Form *851*, Form *4562*, and Form *4797*. If filing as part of a consolidated federal return, attach a pro forma or consolidated schedule.
- **S Corporations:** U.S. Form *1120-S* (pages 1 through 4)*, *Schedule D*, Form *851*, Form *4562*, Form *4797*, Form *8825*.
- **Individuals:** U.S. Form *1040* (pages 1 and 2), *Schedules C, C-EZ, D, E*, and Form *4797*.
- **Fiduciaries:** U.S. Form *1041* (pages 1 through 4), *Schedule D*, and Form *4797*.
- **Partnerships:** U.S. Form *1065* (pages 1 through 5)*, *Schedule D*, Form *4797*, and Form *8825*.
- **Limited Liability Companies:** Attach appropriate schedules shown above based on federal return filed.

* Do not send copies of K-1s. The Department will request them if necessary.

Issued under authority of Public Act 36 of 2007.

1.	Tax before all credits from Form 4567, line 53, or Form 4590, line 26	1.		00
2.	SBT credit carryforwards used from Form 4569, line 31	2.		00
3.	Tax After SBT credit carryforwards. Subtract line 2 from line 1. If less than zero, enter zero	3.		00
4.	a. Compensation and Investment Tax Credit from Form 4570, line 34	4a.		00
	b. If Form 4570, line 28, is negative, enter here as a negative number. Otherwise, leave blank	4b.		00
5.	Research and Development Credit from Form 4570, line 41	5.		00
6.	Tax After Research and Development Credit. Subtract lines 4a, 4b and 5 from line 3 (see instructions)	6.		00
7.	Small Business Alternative Credit from Form 4571, line 13 or 19, whichever applies.....	7.		00
8.	Gross Receipts Filing Threshold Credit from Form 4571, line 27.....	8.		00
9.	Tax After Gross Receipts Filing Threshold Credit. Subtract lines 7 and 8 from line 6 (see instructions)	9.		00
10.	Community and Education Foundations Credit from Form 4572, line 5.....	10.		00
11.	Homeless Shelter/Food Bank Credit from Form 4572, line 9.....	11.		00
12.	Tax After Homeless Shelter/Food Bank Credit. Subtract lines 10 and 11 from line 9. If less than zero, enter zero	12.		00
13.	NASCAR Speedway Credit from Form 4573, line 3.....	13.		00
14.	Stadium Credit from Form 4573, line 6.....	14.		00
15.	Start-up Business Credit from Form 4573, line 9. If less than zero, enter as a negative number	15.		00
16.	Tax After Start-up Business Credit. Subtract lines 13, 14 and 15 from line 12. If less than zero, enter zero	16.		00
17.	Public Contribution Credit from Form 4572, line 14.....	17.		00
18.	Arts and Culture Credit from Form 4572, line 19.....	18.		00
19.	Tax After Arts and Culture Credit. Subtract lines 17 and 18 from line 16 (see instructions)	19.		00
20.	Next Energy Business Activity Credit from Form 4573, line 12	20.		00
21.	Renaissance Zone Credit from Form 4573, line 14.....	21.		00
22.	Historic Preservation Credit Net of Recapture from Form 4573, line 17b	22.		00
23.	Low-Grade Hematite Credit from Form 4573, line 22.....	23.		00
24.	Entrepreneurial Credit from Form 4573, line 29	24.		00

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25. New Motor Vehicle Dealer Inventory Credit from Form 4573, line 33	25.		00
26. Large Food Retailer Credit from Form 4573, line 37	26.		00
27. Mid-size Food Retailer Credit from Form 4573, line 41	27.		00
28. Bottle Deposit Administration Credit from Form 4573, line 45	28.		00
29. Anchor Company Taxable Value Credit from Form 4573, line 47	29.		00
30. Anchor Company Payroll Credit from Form 4573, line 49	30.		00
31. MEGA Federal Contract Credit from Form 4573, line 51	31.		00
32. Biofuel Infrastructure Credit from Form 4573, line 54	32.		00
33. Bonus Depreciation Credit from Form 4573, line 59	33.		00
34. Individual or Family Development Account Credit from Form 4573, line 66	34.		00
35. International Auto Show Credit from Form 4573, line 70	35.		00
36. Brownfield Redevelopment Credit from Form 4573, line 72	36.		00
37. Private Equity Fund Credit from Form 4573, line 77	37.		00
38. Film Job Training Credit from Form 4573, line 82	38.		00
39. Film Infrastructure Credit from Form 4573, line 88	39.		00
40. Total Nonrefundable Credits. Add lines 2, 4a, 4b, 5, 7, 8, 10, 11, 13, 14, 15, 17, 18, and 20 through 39. Enter total here and carry total to Form 4567, line 54, or Form 4590, line 27	40.		00
41. Tax After Nonrefundable Credits. Subtract line 40 from line 1. If less than zero, enter zero. (This line must be equal to Form 4567, line 55, or Form 4590, line 28.)	41.		00

Instructions for Form 4568

Michigan Business Tax (MBT) Nonrefundable Credits Summary

Purpose

The purpose of this form is to determine a taxpayer's tax liability after application of nonrefundable tax credits.

Form 4568 is intended to summarize all applicable nonrefundable credits. Specific eligibility criteria, including varying credit life spans, apply to each of the nonrefundable credits. For more details about each of the credits, refer to the MBT Act or the instructions for the specific forms referenced on this form.

NOTE: This form may be used by both standard taxpayers and financial institutions. Insurance companies should use the *Miscellaneous Credits for Insurance Companies* (Form 4596) instead. Of the credits listed on this form, financial institutions may only claim the following:

- Single Business Tax (SBT) Credit Carryforwards
- Compensation Credit
- Renaissance Zone Credit
- Historic Preservation Credit
- Individual or Family Development Account Credit
- Brownfield Redevelopment Credit
- Film Infrastructure Credit.

The goal of arranging credits in this fashion is to minimize the need for taxpayers to go through all the available forms before deciding which ones may be applicable to them. Under the present arrangement, taxpayers are able to identify the forms pertaining to them, and efficiently prepare the tax return. Taxpayers should claim all credits for which they are eligible.

Special Instructions for Unitary Business Groups

Credits are earned and calculated on either an entity-specific or group basis, as determined by the relevant statutory provisions for the respective credits. Inter-company transactions are not eliminated for the calculation of most credits. Credits earned or calculated on either an entity-specific or group basis by Unitary Business Group (UBG) members are generally applied against the tax liability of the UBG, unless otherwise specified by statute.

Entity-specific provisions are applied on a member-by-member basis and are addressed in the line-by-line instructions of each form. In none of these cases does a taxpayer that is a UBG take the entity type of its parent, Designated Member (DM), or any other member of the UBG. A UBG taxpayer will not be attributed an entity type based on the composition of its members.

Further UBG instructions are provided on the forms where the credits are calculated.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers or the *MBT Annual Return for Financial Institutions* (Form 4590)).

UBGs: Complete one form for the group. Enter the DM name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

Line 6: Although most of the entries on this form are credits that cause tax liability to decrease, if there is an entry on line 4b, subtracting that negative number will cause tax liability to increase.

The total created by the calculations in this line cannot be less than zero. A total of less than zero is only possible through a calculation error or an incorrect line entry.

Line 9: The total created by the calculations in this line cannot be less than zero. A total of less than zero is only possible through a calculation error or an incorrect line entry.

Line 16: Although most of the entries on this form are credits that cause tax liability to decrease, if there is a negative entry on line 15, subtracting that negative number will cause tax liability to increase.

Line 19: The total created by the calculations in this line cannot be less than zero. A total of less than zero is only possible through a calculation error or an incorrect line entry.

Include completed Form 4568 as part of the tax return filing.

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2009 MICHIGAN Business Tax - Single Business Tax (SBT) Credit Carryforwards

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number
------	--

1. Tax before credit from Form 4567, line 53, or Form 4588, line 23, or Form 4590, line 26 1.

	00
--	----

SBT INVESTMENT TAX CREDIT. If not claiming this credit, carry amount from line 1 to line 4.

2. Enter any unused credit carryforward from the 2008 Form 4569, line 4 2.

	00
--	----

3. SBT Investment Tax Credit Carryforward used. Enter lesser of line 1 or line 2..... 3.

	00
--	----

4. Tax After Credit Carryforward. Subtract line 3 from line 1. Cannot be less than zero 4.

	00
--	----

SBT HISTORIC PRESERVATION CREDIT. If not claiming this credit, carry amount from line 4 to line 8.

5. Enter any unused credit carryforward from the 2008 Form 4569, line 8 5.

	00
--	----

6. SBT Historic Preservation Credit Carryforward used. Enter lesser of line 4 or line 5..... 6.

	00
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7. SBT Credit Carryforward to 2010. If line 5 is greater than line 4, enter the difference (see instructions)..... 7.

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8. Tax After Credit Carryforward. Subtract line 6 from line 4. Cannot be less than zero 8.

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SBT LOW-GRADE HEMATITE PELLET CREDIT. If not claiming this credit, carry amount from line 8 to line 11.

9. Enter any unused credit carryforward from the 2008 Form 4569, line 12 9.

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10. SBT Low-Grade Hematite Pellet Credit Carryforward used. Enter lesser of line 8 or line 9..... 10.

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11. Tax After Credit Carryforward. Subtract line 10 from line 8. Cannot be less than zero 11.

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SBT PHARMACEUTICAL CREDIT. If not claiming this credit, carry amount from line 11 to line 14.

12. Enter any unused credit carryforward from the 2008 Form 4569, line 16 12.

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13. SBT Pharmaceutical Credit Carryforward used. Enter lesser of line 11 or line 12 13.

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14. Tax After Credit Carryforward. Subtract line 13 from line 11. Cannot be less than zero..... 14.

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SBT CREATED JOBS CREDIT. If not claiming this credit, carry amount from line 14 to line 17.

15. Enter any unused credit carryforward from the 2008 Form 4569, line 20 15.

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16. SBT Created Jobs Credit Carryforward used. Enter lesser of line 14 or line 15 16.

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17. Tax After Credit Carryforward. Subtract line 16 from line 14. Cannot be less than zero 17.

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SBT "OLD" BROWNFIELD CREDIT. If not claiming this credit, carry amount from line 17 to line 20.

18. Enter any unused credit carryforward from the 2008 Form 4569, line 24 18.

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19. SBT Old Brownfield Credit Carryforward used. Enter lesser of line 17 or line 18 19.

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20. Tax After Credit Carryforward. Subtract line 19 from line 17. Cannot be less than zero 20.

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SBT "NEW" BROWNFIELD CREDIT. If not claiming this credit, carry amount from line 20 to line 27.

21. Enter any unused credit carryforward from the 2008 Form 4569, line 29 21.

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22. Recapture of MBT Brownfield Credit in the current tax year 22.

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23. If line 22 is greater than line 21, enter the difference. Carry amount to Form 4584, line 56.... 23.

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24. Remaining credit carryforward from 2008. If line 21 is greater than line 22, enter the difference. Otherwise, enter zero.... 24.

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25. SBT New Brownfield Credit Carryforward used. Enter lesser of line 20 or line 24..... 25.

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26. SBT Credit Carryforward to 2010. If line 24 is greater than line 20, enter the difference (see instructions)..... 26.

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27. Tax After Credit Carryforward. Subtract line 25 from line 20. Cannot be less than zero 27.

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SBT MEGA BUSINESS ACTIVITY CREDIT. If not claiming this credit, carry amount from line 27 to line 30.

28. Enter any unused credit carryforward from the 2008 Form 4569, line 33 28.

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29. SBT MEGA Business Activity Credit Carryforward used. Enter lesser of line 27 or line 28..... 29.

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30. Tax After Credit Carryforward. Subtract line 29 from line 27. Cannot be less than zero.
(This line must be equal to Form 4568, line 3, or Form 4596, line 11.) 30.

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31. **TOTAL SBT CREDIT CARRYFORWARDS USED.** Add lines 3, 6, 10, 13, 16, 19, 25 and 29.
Enter here and carry to Form 4568, line 2, and 4570, line 31; or carry to Form 4596, line 8..... 31.

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Instructions for Form 4569

Single Business Tax (SBT) Credit Carryforwards

Purpose

This form is designed to calculate the amount of each Single Business Tax (SBT) credit carryforward that may be claimed for the current tax year, and the amount of the SBT Historic Preservation Credit and/or SBT “New” Brownfield Credit that is carried forward to the taxpayer’s next Michigan Business Tax (MBT) return (subject to expiration, as described below). With the exception of the SBT Historic Preservation Credit and the SBT “New” Brownfield Credit, SBT credit carryforwards cannot be used in tax years ending after 2009. Credit carryforwards are totaled here and then carried to the *MBT Nonrefundable Credits Summary* (Form 4568) or the *MBT Miscellaneous Credits for Insurance Companies* (Form 4596).

General Information

With the exception of the SBT Historic Preservation Credit and the SBT “New” Brownfield Credit, carryforward amounts of the SBT credits are allowed as credits against MBT for tax years ending in 2008 and 2009, or until the carryforwards expire based on their initial life spans under the SBT Act, whichever occurs first.

SBT Historic Preservation Credit and “New” Brownfield Credit carryforwards, however, may be claimed against MBT until the SBT Act lifespan of those two credits expires.

In addition to the time limitation on their use against MBT, each SBT credit carryforward is limited to the amount of MBT liability calculated immediately prior to claiming that carryforward. If the tax liability after a credit carryforward is zero, any carryforward credit available after that point will not be allowed in the current filing period.

However, the remainder of this form must be completed to calculate the amount of SBT Historic Preservation Credit and SBT “New” Brownfield Credit carryforward that may be available for the taxpayer’s next MBT return (subject to expiration rules).

This opportunity to claim SBT credit carryforwards is available to standard taxpayers, financial institutions, and insurance companies.

Special Instructions for Unitary Business Groups

All members of a Unitary Business Group (UBG) should combine their SBT credit carryforwards, by type, for each of the eight credit types. If more than one member of a UBG has the same type of SBT credit carryforward, the UBG should use the oldest one first. The combined credit carryforwards will be applied to the entire UBG’s tax liability. As support, credit carryforwards are reported on a separate entity basis by each standard taxpayer member of the UBG on the *Unitary Business Group Combined Filing Schedule* (Form 4580).

Find additional information on calculating credit carryforwards in the “Supplemental Instructions for Standard Members in UBGs” on page 141.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers, the *MBT Annual Return for Financial Institutions* (Form 4590), or the *MBT Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588)).

UBGs: Complete one form for the group. Enter the Designated Member (DM) name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

SBT INVESTMENT TAX CREDIT

Line 3: This is the amount of SBT Investment Tax Credit (ITC) carryforward that may be used in this filing period.

SBT HISTORIC PRESERVATION CREDIT

Line 6: This is the amount of SBT Historic Preservation Credit carryforward that may be used in this filing period. Credit recapture is calculated and reported on the *MBT Election of Refund or Carryforward of Credits* (Form 4584).

Line 7: This is the amount of SBT Historic Preservation Credit carryforward to be carried to the taxpayer’s next MBT return (subject to expiration rules).

SBT LOW-GRADE HEMATITE PELLET CREDIT

Line 10: This is the amount of SBT Low-Grade Hematite Pellet Credit carryforward that may be used in this filing period.

SBT PHARMACEUTICAL CREDIT

Line 13: This is the amount of SBT Pharmaceutical Credit carryforward that may be used in this filing period.

SBT CREATED JOBS CREDIT

Line 16: This is the amount of SBT Created Jobs Credit carryforward that may be used in this filing period.

SBT “OLD” BROWNFIELD CREDIT

Line 19: This is the amount of SBT Old Brownfield Credit carryforward that may be used in this filing period.

SBT “NEW” BROWNFIELD CREDIT

Line 22: Recapture of MBT Brownfield Redevelopment Credit in the current tax year. The amount that should otherwise be added to the tax liability may instead be used to reduce the credit carryforward reported.

Line 23: Carry amount to Form 4584, line 56. (This is the amount of MBT recapture still remaining, and will be used to reduce the MBT credit reported on Form 4584. Any recapture amount remaining after application of the current year credit will increase the tax liability.)

Line 26: This is the amount of SBT New Brownfield Credit carryforward to be carried to the taxpayer’s next MBT return (subject to expiration rules).

SBT MEGA BUSINESS ACTIVITY CREDIT

Line 29: This is the amount of SBT MEGA Business Activity Credit carryforward that may be used in this filing period.

Line 31: Total SBT Credit Carryforwards Used. Standard taxpayers and financial institutions carry this amount to the *MBT Nonrefundable Credits Summary* (Form 4568), line 2, and, if applicable, the *MBT Credits for Compensation, Investment and Research and Development* (Form 4570), line 31. Insurance companies carry to the *MBT Miscellaneous Credits for Insurance Companies* (Form 4596), line 8.

Include completed Form 4569 as part of the tax return filing.

2009 MICHIGAN Business Tax Credits for Compensation, Investment, and Research and Development

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number
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1. Tax liability prior to this credit from Form 4568, line 3	1.	00	
PART 1: COMPENSATION CREDIT. If not claiming this credit, go to Part 2.			
2. Michigan Compensation	2.	00	
3. Multiply line 2 by 0.37% (0.0037)	3.	00	

PART 2: INVESTMENT TAX CREDIT

Read instructions to ensure eligibility before claiming this credit. If not claiming this credit, carry amount from line 3 to line 29.

Capital Investments

4. Enter all eligible depreciable tangible assets **located in Michigan** that were acquired during the tax year.

A Description	B City	C Date Acquired (MM-DD-YYYY)	D Cost Paid or Accrued During Tax Year

5. Total of column 4D	5.	00	
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6. Enter all eligible depreciable tangible assets purchased or acquired for use outside of Michigan in a tax year beginning after December 31, 2007, that were **transferred into Michigan** during the tax year.

A Description	B City	C Date Physically Located in Michigan (MM-DD-YYYY)	D Federal Adjusted Basis as of Date Moved

7. Total of column 6D	7.	00	
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8. Enter all eligible depreciable **mobile tangible assets** that were acquired during the tax year.

A Description	B State	C Date Acquired (MM-DD-YYYY)	D Cost Paid or Accrued During Tax Year

9. Total of column 8D	9.	00	
10. Mobile Tangible Assets. If subject to apportionment, multiply line 9 by the percentage from Form 4567, line 11c. If not subject to apportionment, enter amount from line 9	10.	00	
11. Total Capital Investments. Add lines 5, 7 and 10.....	11.	00	
12. Enter total cost paid or accrued of all depreciable real and personal property located everywhere that was acquired during the tax year (authorized under MCL 208.1513(3))	12.	00	

LINE 12 IS FOR STATISTICAL PURPOSES ONLY AND SHOULD NOT BE USED IN ANY CALCULATION ON THIS FORM.

Recapture of Capital Investments

13. Enter all eligible depreciable tangible assets located in Michigan that were acquired or moved into Michigan after acquisition in a tax year beginning after December 31, 2007, and were sold or otherwise disposed of during the tax year.

A Description	B City	C Date Acquired (MM-DD-YYYY)	D Date Sold (MM-DD-YYYY)	E Gross Sales Price	F Gain/Loss

14. Total columns 13E and 13F. A loss on 14F will increase recapture..... 14.

15. Adjusted Proceeds. If line 14F is a gain, subtract it from line 14E. If line 14F is a loss, add its positive value to 14E 15.

If taxable in another state, complete lines 16 and 17; otherwise, go to line 18.

16. Apportioned gains/losses. Multiply line 14F by the percentage from Form 4567, line 11c..... 16.

17. Apportioned Adjusted Proceeds. If line 16 is a gain, subtract it from line 14E. If line 16 is a loss, add it to 14E 17.

18. Enter all eligible depreciable mobile tangible assets acquired in a tax year beginning after December 31, 2007, that were sold or otherwise disposed of during the tax year.

A Description	B State	C Date Acquired (MM-DD-YYYY)	D Date Sold (MM-DD-YYYY)	E Gross Sales Price	F Gain/Loss

19. Total columns 18E and 18F. A loss on 19F will increase recapture..... 19.

20. Adjusted Proceeds. If line 19F is a gain, subtract it from 19E. If line 19F is a loss, add its positive value to 19E 20.

If taxable in another state, complete line 21; otherwise, go to line 22.

21. Apportioned Adjusted Proceeds. Multiply line 20 by percentage from Form 4567, line 11c..... 21.

22. Enter all eligible depreciable tangible assets other than mobile property acquired in tax years beginning after December 31, 2007, that were eligible for the Investment Tax Credit in tax years beginning after December 31, 2007, and were transferred outside Michigan during the tax year.

A Description	B City	C Date Acquired (MM-DD-YYYY)	D Date Transferred (MM-DD-YYYY)	E Federal Adjusted Basis

23. Total of column 22E..... 23.

24. Recapture of Capital Investments. Add lines 15, 20, and 23. Or, if taxable in another state, add lines 17, 21, and 23..... 24.

Net Capital Investments

25. Net MBT Capital Investment. Subtract line 24 from line 11..... 25.

26. Multiply line 25 by 2.9% (0.029)..... 26.

27. Net Recapture Amount from Single Business Tax Assets from Form 4585, line 7..... 27.

28. Subtract line 27 from line 26. If negative, carry amount to Form 4568, line 4b..... 28.

PART 3: REDUCED COMPENSATION AND INVESTMENT TAX CREDITS

29. Add lines 3 and 28. If line 28 is negative, enter amount from line 3..... 29.

30. Tax Before Surcharge from Form 4567, line 51, or Form 4590, line 22..... 30.

31. Total SBT credit carryforward used from Form 4569, line 31..... 31.

32. Subtract line 31 from line 30. If less than zero, enter zero..... 32.

33. Multiply line 32 by 52% (0.52)..... 33.

34. **Allowable Credit.** Enter lesser of line 29 or line 33. Carry amount to Form 4568, line 4a..... 34.

35. If line 28 is negative, enter amount from line 28 as a positive number. If line 28 is positive, leave this line blank. 35.

36. Tax After Compensation and Investment Tax Credit. Subtract line 34 from line 1 and add line 35..... 36.

PART 4: RESEARCH AND DEVELOPMENT CREDIT

37. Research and development expenses in Michigan..... 37.

38. Multiply line 37 by 1.9% (0.019)..... 38.

39. Multiply line 32 by 65% (0.65)..... 39.

40. Ceiling for Research and Development Credit. Subtract line 34 from line 39..... 40.

41. **Research and Development Credit.** Enter the lesser of line 38 or line 40. Carry amount to Form 4568, line 5..... 41.

42. Tax After Research and Development Credit. Subtract line 41 from line 36.

(This line must be equal to Form 4568, line 6)..... 42.

Instructions for Form 4570, Michigan Business Tax (MBT) Credits for Compensation, Investment and Research and Development

Purpose

To claim the Compensation Credit, Investment Tax Credit (ITC), and the Research and Development Credit calculated here and carried to the *MBT Nonrefundable Credits Summary* (Form 4568).

NOTE: This form may be used by standard taxpayers to claim eligible credits and by financial institutions to claim the Compensation Credit only. Insurance companies use the *Miscellaneous Credits for Insurance Companies* (Form 4596) to claim credits for which they may be eligible.

The Compensation Credit and Investment Tax Credit together are limited to 52 percent of the pre-surge total tax liability. The Research and Development Credit, combined with the Compensation and Investment Tax Credits, are limited to 65 percent of the pre-surge total tax liability.

This form will also determine an ITC recapture that potentially will increase the tax liability.

Special Instructions for Unitary Business Groups

Credits are earned and calculated on either an entity-specific or group basis, as determined by the relevant statutory provisions for the respective credits. The credits on this form are calculated on a group basis. Intercompany transactions are not eliminated for the calculation of most credits. However, assets transferred between members of the group are not qualifying assets for the purposes of calculating the ITC in Part 2. Credits are generally applied against the tax liability of the Unitary Business Group (UBG), unless otherwise specified by statute.

Line-by-Line Instructions

Lines not listed are explained on the form.

Dates must be entered in MM-DD-YYYY format.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers or the *MBT Annual Return for Financial Institutions* (Form 4590)).

UBGs: Complete one form for the group. Enter the Designated Member (DM) name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

PART 1: COMPENSATION CREDIT

UBGs: If the taxpayer is a UBG, the Compensation Credit is calculated on the combined Michigan compensation of the UBG members. Intercompany transactions should not be eliminated for this purpose.

Line 2: Enter compensation paid in the tax year on behalf of or for the benefit of employees, officers, or directors as defined in Michigan Compiled Law 208.1107(2). Generally, under this definition, compensation includes, but is not limited to, payments that are subject to or specifically exempt or excepted

from withholding under Internal Revenue Code (IRC) § 3401 through § 3406.

Compensation also includes fringe benefits and any earnings that are net earnings from self-employment, as defined under IRC § 1402, of the taxpayer, partner, or Limited Liability Company member of the taxpayer. Wages, salaries, fees, bonuses, commissions, and other payments made in the tax year on behalf of or for the benefit of employees, officers, or directors as well as net earnings from self-employment must be reported on a cash basis.

Payments made to a pension plan, retirement or profit sharing plan, employee insurance plans, and payments under health and welfare benefit plans as well as the administration fees paid for the administration of the health and welfare benefit plan are compensation. Compensation also includes certain payments made by licensed taxpayers that are statutorily identified. These compensation payments are calculated on a cash or accrual basis consistent with the taxpayer's method of accounting for federal income taxes. The statute provides for certain exclusions from compensation including employee discounts on merchandise and services, payments for state and federal unemployment compensation and federal insurance contributions, and payments made to independent contractors.

Expenses incurred for the benefit of the taxpayer rather than for the benefit of employees of the taxpayer are not compensation. Noncompensation expenses might include payments reported on a Form 1099 to an employee for the rental of a building or for interest income.

This credit is calculated on the taxpayer's Michigan compensation.

Compensation is "in this state" if (a) the individual's service is performed entirely within Michigan, or (b) the individual's service is performed both within Michigan and outside Michigan, but the services performed outside Michigan are incidental to the individual's service within Michigan.

Example 1: Sales Co. employs Salesperson whose territory includes both Detroit, Michigan, and Toledo, Ohio. Salesperson calls on customers located in both Michigan and Ohio. The compensation paid to Salesperson is not "compensation in this state" because Salesperson's activity is not limited solely to Michigan, and calling on customers in Ohio is not incidental to Salesperson's activity in Michigan.

Example 2: Manufacturer employs Engineer at its Michigan facility. Several times a year, Engineer travels out of state to meet with suppliers. Although Engineer performs services both within Michigan and outside Michigan, Engineer's out-of-state services are incidental to Engineer's services within Michigan. The compensation paid to Engineer is "compensation in this state."

PART 2: INVESTMENT TAX CREDIT

Use Part 2 to determine the total eligible acquisitions and dispositions for the filing period. If more space is needed for any assets acquired, sold, or disposed of in this tax year, attach additional pages of the form identifying the name and account

number at the top with only the additional applicable fields completed. Financial institutions and insurance companies do not qualify for this credit.

For tax years beginning after 2007, taxpayers may claim an ITC for a percentage of the net costs paid or accrued in the filing period for qualifying tangible assets physically located in Michigan. The assets must be of a type that are or will become eligible for depreciation, amortization, or accelerated capital cost recovery for federal income tax. Mobile tangible assets (defined in the instructions for line 8), wherever located, are subject to apportionment in the same manner as the tax base. Assets purchased or acquired after 2007 for use outside of Michigan and moved into Michigan during the filing period, also qualify for ITC. Disposition of an asset, or moving an asset out of Michigan, creates recapture that reduces the credit. If recapture exceeds the positive credit earned by acquisitions, the tax liability is increased.

NOTE: Recapture from dispositions during the filing period of assets acquired (or moved into Michigan) after 1999 and before 2008 is calculated on the *MBT Investment Tax Credit Recapture from Sale of Assets Acquired Under Single Business Tax* (Form 4585).

If, during the filing period, a taxpayer acquired depreciable real or personal property or disposed of depreciable real or personal property that was acquired in a tax year beginning after 1999, complete this form and attach it to the annual return. If property disposed of during the filing period was acquired in a tax year beginning after 1999 and before 2008, also complete and attach Form 4585.

UBGs: If the taxpayer is a UBG, the ITC is calculated on combined assets of the UBG members. Assets transferred between members of the group are not qualifying assets for the purposes of calculating this credit. Intercompany eliminations are otherwise not applicable.

Capital Investments (Acquisitions)

Cost includes costs of fabrication and installation.

Line 4: In column A, enter a short description (for example, equipment, building, etc.) for each eligible depreciable tangible asset located in Michigan that was acquired during the filing period. In the appropriate columns, enter the city or township in which the asset is located, date acquired, and cost paid or accrued.

Line 5: If multiple pages of Form 4570, line 4, are included, bring the total of all line entries to the main Form 4570.

Line 6: In column A, enter a short description (for example, equipment, building, etc.), for each eligible depreciable tangible asset purchased or acquired for use outside of Michigan after 2007 that was moved into Michigan during the filing period for a business use. In the appropriate columns, enter the city or township in which the asset is located, date physically located in Michigan, and federal adjusted basis [as calculated for federal purposes] as of the date moved. Do not include mobile tangible assets.

Line 7: If multiple pages of Form 4570, line 6, are included, bring the total of all line entries to the main Form 4570.

Line 8: In column A, enter a short description (for example, equipment, building, etc.), for each depreciable mobile tangible asset that was acquired during the filing period, whether located in or outside Michigan. In the appropriate columns enter the state in which the asset is located, date acquired, and cost paid or accrued during the filing period.

Mobile tangible assets are all of the following:

- Motor vehicles that have a gross vehicle weight rating of 10,000 pounds or more and are used to transport property or persons for compensation;
- Rolling stock (railroad freight or passenger cars, locomotives or other railcars), aircraft and watercraft used by the owner to transport property or persons for compensation or used by the owner to transport the owner's property for sale, rental, or further processing;
- Equipment used directly in completion of, or in construction contracts for, the construction, alteration, repair, or improvement of property.

Line 9: If multiple pages of Form 4570, line 8, are included, bring the total of all line entries to the main Form 4570.

Recapture of Capital Investments (Dispositions)

Use this section to compute credit recapture from disposition (or moving out of Michigan) of depreciable real or personal property that was acquired in a tax year beginning after 2007. Recapture from the disposition of depreciable real or personal property that was acquired in a tax year beginning after 1999 but before 2008 is calculated on Form 4585 and reported here.

NOTE: A sale of qualifying property reported on the installment method for federal income tax purposes causes a recapture of the entire gross proceeds in the year of the sale. The recapture is reduced by any gain reported in federal taxable income (as defined for MBT purposes) in the year of the sale. The gain attributable to the installment sale that is reported in subsequent years increases the credit base (or reduces other sources of recapture) for those years. For property placed in service prior to January 1, 2008, gain reflected in federal taxable income (as defined for MBT purposes) is equal to the gain reported for federal purposes.

UBGs: If the taxpayer is a UBG, the recapture of capital investments is calculated on combined assets of the UBG members. Assets transferred between members of the group are not qualifying assets for purposes of calculating this credit or its recapture. However, moving an asset outside of Michigan creates recapture, even if the transfer is to a member of the UBG.

Line 13: Enter all dispositions of depreciable tangible assets located in Michigan that were acquired or moved into Michigan after acquisition in a tax year beginning after 2007 and were sold or otherwise disposed of during the filing period. Give all information required for each disposition in columns A through F.* In column A, enter a short description (for example, equipment, building, etc.). Enter gross sales price (net of costs of sale) in column E, and in column F, enter total gain or loss included in calculating federal taxable income (as defined for MBT purposes).

For property placed in service prior to January 1, 2008, gain reflected in federal taxable income is equal to the gain reported for federal purposes. For property placed in service after December 31, 2007, gain reflected in federal taxable income is the gain reported federally except that it shall be calculated as if IRC § 168(k) were not in effect.

Note: Calculation of gross sales price may be reduced by selling expenses. Sales price includes any benefit derived from the sale.

Line 14: If multiple pages of Form 4570, line 13, are included, bring the total of all line entries to the main Form 4570.

Line 18: Enter all dispositions of depreciable mobile tangible assets that were acquired after 2007 and were sold or otherwise disposed of during the filing period. Give all information required for each disposition in columns A through F.* In column A, enter a short description (for example, equipment, building, etc.). Enter gross sales price (net of costs of sale) in column E, and in column F, enter total gain or loss included in calculating federal taxable income (as defined for MBT purposes).

For property placed in service prior to January 1, 2008, gain reflected in federal taxable income is equal to the gain reported for federal purposes. For property placed in service after December 31, 2007, gain reflected in federal taxable income is the gain reported federally except that it shall be calculated as if IRC § 168(k) were not in effect.

Note: Calculation of gross sales price may be reduced by selling expenses. Sales price includes any benefit derived from the sale.

Line 19: If multiple pages of Form 4570, line 18, are included, bring the total of all line entries to the main Form 4570.

Line 22: Enter all depreciable tangible assets other than mobile tangible assets acquired after 2007 that were eligible for ITC and were transferred outside Michigan during the filing period. Give all information required for each disposition in columns A through E.* In column A, enter a short description (for example, equipment, building, etc.), and in column B, enter the city or township in which the asset is located. In column E, enter federal adjusted basis as used for federal purposes. Do not recompute.

Line 23: If multiple pages of Form 4570, line 22, are included, bring the total of all line entries to the main Form 4570.

PART 3: REDUCED COMPENSATION AND INVESTMENT TAX CREDITS

Line 35: If line 28 is positive, leave line 35 blank.

PART 4: RESEARCH AND DEVELOPMENT CREDIT

Line 37: As used in this section, *research and development expenses* means that term as defined in IRC § 41(b).

UBGs: If the taxpayer is a UBG, the Research and Development Credit is calculated on the combined research and development expenses of the UBG members. Intercompany transactions should not be eliminated for this purpose. Qualified expenses

incurred by members of a UBG that are paid to fellow members should be included in calculating the group's credit.

Include completed Form 4570 as part of the tax return filing.

* Required information when including multiple dispositions as one entry: For all dispositions, "Date Acquired" must be the same and "Date Sold" or "Date Transferred" must be the same. All dispositions that have variable dates must be listed separately, as the Michigan Department of Treasury will not accept "various" as a valid entry in a date field.

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2009 MICHIGAN Business Tax Common Credits for Small Businesses

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number
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The Small Business Alternative Credit is NOT available if any of the following conditions exist:

- Gross receipts exceed \$20,000,000; or
- Adjusted business income after loss adjustment exceeds \$1,329,900; or
- Any individual, shareholder or officer has allocated income after loss adjustment of over \$180,000, or any partner has distributive share of income after loss adjustment of over \$180,000, as determined on Form 4577 or 4578. Form 4577 or 4578 must be attached.**
- Compensation and directors' fees of a shareholder or officer of a C Corporation exceed \$180,000.

The Small Business Alternative Credit must be reduced if any of the following conditions exist:

- Any individual, shareholder or officer has allocated income after loss adjustment of over \$160,000 but not over \$180,000, or any partner has distributive share of income after loss adjustment of over \$160,000 but not over \$180,000, as determined on Forms 4577 or 4578. Form 4577 or 4578 must be attached.**
- Gross receipts exceed \$19,000,000 but are less than \$20,000,000.

**** Individuals and fiduciaries filing as individuals need not file Forms 4577 or 4578.**

1. Tax liability prior to this credit from Form 4568, line 6 1. 00

PART 1: SMALL BUSINESS ALTERNATIVE CREDIT

If not claiming a Small Business Alternative Credit, skip to Part 2.

Adjusted Business Income

2. Business Income from Form 4567, line 28 (see instructions).....	2.		00
3. Capital loss from federal return	3.		00
4. Federal net operating loss carryover or carryback from Form 4567, line 32	4.		00
5. Subtotal. Add lines 2, 3, and 4	5.		00
6. Compensation and director fees of active shareholders from Form 4577, line 3	6.		00
7. Compensation and director fees of officers from Form 4577, line 4	7.		00
8. Adjusted Business Income. Add lines 5 through 7	8.		00

Small Business Alternative Credit Calculation

9. Small Business Alternative Tax. Multiply line 8 by 1.8% (0.018). If less than zero, enter zero	9.		00
10. Small Business Alternative Credit. Subtract line 9 from line 1. If less than zero, enter zero	10.		00
11. Allocated income/distributive share of income used for reduction (see instructions) .. 11. 00	11.		00
12. Reduction percentage from Reduced Credit Table on page 2 (based on amount from line 11)	12.		%
13. Reduced Credit. Multiply line 12 by line 10. If gross receipts from Form 4567, line 12, are less than \$19,000,000, carry amount to Form 4568, line 7 (see instructions)	13.		00
14. Tax After Small Business Alternative Credit. Subtract line 13 from line 1	14.		00

Reduction Based on Gross Receipts

Complete this section if gross receipts are more than \$19,000,000 but not more than \$20,000,000.

15. Gross receipts from Form 4567, line 12 (see instructions).....	15.		00
16. Excess gross receipts. Subtract \$19,000,000 from line 15	16.		00
17. Excess percentage. Divide line 16 by \$1,000,000.....	17.		%
18. Allowable percentage. Subtract line 17 from 100%.....	18.		%
19. Small Business Alternative Credit. Multiply percentage on line 18 by the credit on line 13. Carry amount to Form 4568, line 7	19.		00
20. Tax After Small Business Alternative Credit. Subtract line 19 from line 1	20.		00

PART 2: GROSS RECEIPTS FILING THRESHOLD CREDIT

Complete this section if apportioned gross receipts are equal to or greater than \$350,000 but less than \$700,000.
See instructions for tax years less than 12 months.

21. Tax before credit from line 1, 14 or 20, whichever applies	21.		00
22. Threshold Ceiling	22.	700,000	00
23. Gross Receipts from Form 4567, line 12 (see instructions)	23.		00
24. Apportioned Gross Receipts. Multiply line 23 by percentage from Form 4567, line 11c	24.		00
25. Excess Gross Receipts. Subtract line 24 from line 22. If negative, enter zero on line 27 (no credit allowed).....	25.		00
26. Gross Receipts Filing Threshold Credit Percentage. Divide line 25 by \$350,000	26.		%
27. Gross Receipts Filing Threshold Credit. Multiply line 26 by line 21. Carry amount to Form 4568, line 8.....	27.		00
28. Tax After Gross Receipts Filing Threshold Credit. Subtract line 27 from line 21. (This line must be equal to Form 4568, line 9.)	28.		00

REDUCED CREDIT TABLE

<u>If allocated* income is:</u>	<u>The reduced credit is:</u>
\$0 - \$160,000	100% of the Small Business Alternative Credit
\$160,001 - \$164,999	80% of the Small Business Alternative Credit
\$165,000 - \$169,999	60% of the Small Business Alternative Credit
\$170,000 - \$174,999	40% of the Small Business Alternative Credit
\$175,000 - \$180,000	20% of the Small Business Alternative Credit
* See instructions for tax years less than 12 months.	

Instructions for Form 4571

Michigan Business Tax (MBT) Common Credits for Small Businesses

Purpose

To allow taxpayers to calculate the Small Business Alternative Credit and the Gross Receipts Filing Threshold Credit. Credits are calculated here and then carried to the *MBT Nonrefundable Credits Summary* (Form 4568).

A taxpayer is disqualified for the Small Business Alternative Credit under certain circumstances, which are detailed below.

A taxpayer must file a return if allocated or apportioned gross receipts to Michigan are \$350,000 or more. However, a taxpayer with allocated or apportioned gross receipts to Michigan equal to or greater than \$350,000, but less than \$700,000, may claim a Gross Receipts Filing Threshold Credit.

Unitary Business Groups (UBGs): Taxpayers that are part of a UBG must use the gross receipts for the entire group before eliminations to determine if the allocated or apportioned gross receipts are between \$350,000 and \$700,000.

NOTE: A member of a Limited Liability Company (LLC) is characterized for MBT purposes as a partner, shareholder, or owner, based on the federal tax classification of the LLC. An LLC taxed as a Partnership for federal purposes is required to file as a Partnership for MBT. Similarly, an LLC taxed as a C Corporation or an S Corporation for federal purposes must file under that same status for MBT.

Eligibility

Tax Years Less Than 12 Months

If the reported tax year is less than 12 months, gross receipts, adjusted business income, and partners' and shareholders' or officers' share of business income must be annualized to determine eligibility and to compute the Small Business Alternative Credit. If annualized gross receipts exceed \$19,000,000 but do not exceed \$20,000,000, annualize figures to compute the Reduction Based on Gross Receipts, lines 15 through 20. Part-year partners or shareholders must annualize the taxpayer's share of business income to determine eligibility.

NOTE: Taxpayers leasing employees from professional employer organizations must include the compensation of officers (of the operating company) and shareholders who receive compensation in determining the eligibility for Small Business Alternative Credit even though their compensation is paid by the professional employer organization.

Taxpayers are not eligible for the Small Business Alternative Credit if any of the following conditions exist:

- Gross receipts exceed \$20,000,000.
- Adjusted business income after loss adjustment exceeds:
 - \$1,329,900 for Corporations or Partnerships (and LLCs federally taxed as such).
 - \$180,000 for Individuals (including a single member, disregarded LLC owned by an Individual) or Fiduciaries.
- Any shareholder or officer has allocated income after loss adjustment of over \$180,000 or any partner has distributive

share of income after loss adjustment of over \$180,000, as determined on the *MBT Schedule of Shareholders and Officers* (Form 4577) or the *MBT Schedule of Partners* (Form 4578).

- In addition, the Small Business Alternative Credit is reduced if an Individual, a partner in a Partnership, a shareholder of a Corporation, or an officer of a C Corporation has allocated income (or distributive share of income, for a partner) after loss adjustment of more than \$160,000. This reduction is based on the individual/partner/officer/shareholder with the largest allocated or distributive share of income.

A taxpayer cannot use this form if filing the *MBT Simplified Return* (Form 4583).

C Corporations

Allocated income for C Corporations is either:

- (a) Shareholders' or officers' compensation and director fees from Form 4577, column L, or
- (b) Shareholders' compensation, director fees, and share of business income (or loss), after loss adjustment, from Form 4577, column N.

If either (a) or (b) is greater than \$180,000, the Corporation is not eligible for the Small Business Alternative Credit. In addition, if either (a) or (b) is more than \$160,000 but not more than \$180,000, the Corporation must reduce the Small Business Alternative Credit based on the officer or shareholder with the largest allocated income.

S Corporations

Allocated income for S Corporations is shareholders' compensation, director fees, and share of business income (or loss), after loss adjustment, from Form 4577, column N.

NOTE: Individuals and Fiduciaries filing as Individuals do not need to file Forms 4577 and 4578.

Loss Adjustment

If taxpayers are not eligible for the full Small Business Alternative Credit due to an adjusted business income or allocated income disqualifier, they may benefit from the *MBT Loss Adjustment Worksheet for the Small Business Alternative Credit* (Form 4575). If the adjusted business income was less than zero in any of the five years immediately preceding the tax year for which a taxpayer is claiming a credit and a Small Business Credit or Small Business Alternative Credit was received for that same year, the taxpayer may be able to adjust the current year's adjusted business income or allocated income amounts by the loss. See Form 4575 for more details.

A loss adjustment will not affect a reduction to the Small Business Alternative Credit based on gross receipts that exceed \$19,000,000. It will also not change the amount of compensation on Form 4577, column L, for a C Corporation.

Special Instructions for UBGs

UBGs calculate the gross receipts and adjusted business income disqualifiers at the UBG level without eliminating intercompany

transactions. Each member of the UBG must file Form 4577 or Form 4578, whichever is applicable. The disqualifier that is based on compensation and/or share of business income attributable to an owner or officer is applied on a separate entity basis using a pro forma calculation for business income and is not a combined amount received from all members of a UBG. See the “Supplemental Instructions for Standard Members in UBGs” on page 141.

A disqualifier applies to a UBG if such disqualifier applies to any member of that UBG. For example, a UBG is disqualified from taking the Small Business Alternative Credit if that UBG includes a member that is a Partnership and any one partner of that Partnership receives more than \$180,000 as a distributive share of the adjusted business income minus loss adjustment of the Partnership.

Similarly, the reduction percentages apply to a taxpayer that is a UBG if such reduction percentages apply to any member of that UBG. For example, the Small Business Alternative Credit of a taxpayer is reduced by 20 percent if the taxpayer is a UBG that includes a member that is a C Corporation, and the compensation and directors’ fees of an officer of that member C Corporation exceed \$160,000, but are less than \$165,000.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the *MBT Annual Return* (Form 4567).

UBGs: Complete one form for the group. Enter the Designated Member (DM) name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

PART 1: SMALL BUSINESS ALTERNATIVE CREDIT

Skip to Part 2 of this form if not claiming a Small Business Alternative Credit.

Business income is adjusted by federal net operating loss carryforwards and carrybacks from Form 4567, line 32. It is also adjusted by compensation and director fees of active shareholders and officers from Form 4577 and by capital losses.

Adjusted Business Income

Line 2: Enter business income from Form 4567, line 28. If not subject to Business Income Tax, enter business income from the *Business Income Worksheet* (Form 4746) on page 149. Attach this worksheet to the return.

UBGs: Enter the business income before eliminations from Form 4580, Part 2B, line 29A.

Line 3: Enter all capital losses that were used federally to offset capital gain. This is not the net figure found on the Schedule D lines identified below. It is the amount of capital losses that were used in reaching the net figure on the federal return lines. If filing a U.S. Form 1040 or 1041, include the capital loss amount that the Individual or Fiduciary was able to use against the capital gain and the capital loss amount that the Individual or Fiduciary was permitted to deduct from ordinary income (\$3,000 or less). Use both long-term and short-term capital losses here.

Identify the capital losses used in calculating the net figure using “Net short-term capital gain or (loss)” and “Net long-term capital gain or (loss)” from Schedule D of federal Forms 1040, 1041, 1065, 1120 and 1120S as applicable.

Small Business Alternative Credit Calculation

Line 11: The Small Business Alternative Credit is reduced if an Individual, a partner in a Partnership, a shareholder of a Corporation, or an officer of a C Corporation has allocated income (or distributive share of income, for a partner) after loss adjustment of more than \$160,000. This reduction is based on the individual/partner/officer/shareholder with the largest allocated or distributive share of income. Enter the allocated income of the shareholder or officer with the highest allocated income after loss adjustment or the highest distributive share of income assigned to a partner or individual.

Line 12: For a taxpayer whose owners or officers all have allocated or distributive share of income of \$160,000 or less, enter 100 percent.

Line 13: All taxpayers must complete this line.

If gross receipts from Form 4567, line 12, are less than \$19,000,000, carry amount to Form 4568, line 7. For tax periods less than 12 months, use annualized gross receipts.

UBGs: For the purpose of calculating the credit reduction based on gross receipts, the UBG combined gross receipts must reflect the sum of every member’s gross receipts on a 12-month basis, before eliminations. Therefore, if no members of the UBG are short-year filers, use the amount from the *MBT Unitary Business Group Combined Filing Schedule for Standard Members* (Form 4580), Part 2B, line 16A. Otherwise, for all short-year members of the group, annualize their gross receipts amount from Form 4580, Part 2A, line 16, and then combine the annualized amounts with the gross receipts (Form 4580, Part 2A, line 16) for the remaining group members.

Reduction Based on Gross Receipts

Line 15: For tax periods less than 12 months, enter annualized gross receipts to see if annualized gross receipts are between \$19,000,000 and \$20,000,000.

UBGs: To calculate the entry for this line, see the UBG guidance under line 13. Enter the sum of all members’ 12-month basis gross receipts, before eliminations, on line 15 of this form.

PART 2: GROSS RECEIPTS FILING THRESHOLD CREDIT

Complete Part 2 if apportioned gross receipts are equal to or greater than \$350,000 but less than \$700,000.

Line 23: For tax periods less than 12 months, enter annualized gross receipts.

UBGs: To calculate the entry for this line, see the UBG guidance under line 13. Enter the sum of all members’ 12-month basis gross receipts, before eliminations, on line 23 of this form.

Include completed Form 4571 as part of the tax return filing.

2009 MICHIGAN Business Tax Charitable Contribution Credits

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number
------	--

1. Tax liability prior to this credit from Form 4568, line 9 1. 00

COMMUNITY AND EDUCATION FOUNDATIONS CREDIT

If not claiming the Community or Education Foundations Credit, carry amount from line 1 to line 6.

	Code 1	Code 2	
2. Enter Community and/or Education Foundation Code(s) (see instructions)			
3. Community and Education Foundations donation amount.....			00
4. Multiply line 3 by 50% (0.50)			00
5. Community and Education Foundations Credit. Enter the lesser of line 4, \$5,000, or 5% (0.05) of the tax on Form 4567, line 53. Carry amount to Form 4568, line 10			00
6. Tax After Community and Education Foundations Credit. Subtract line 5 from line 1. If less than zero, enter zero			00

HOMELESS SHELTER/FOOD BANK CREDIT

If not claiming the Homeless Shelter/Food Bank Credit, carry amount from line 6 to line 10.

7. Homeless Shelter/Food Bank cash donation amount	7.	00
8. Multiply line 7 by 50% (0.50)	8.	00
9. Homeless Shelter/Food Bank Credit. Enter the lesser of line 8, \$5,000, or 5% (0.05) of the tax on Form 4567, line 53. Carry amount to Form 4568, line 11	9.	00
10. Tax After Homeless Shelter/Food Bank Credit. Subtract line 9 from line 6. If less than zero, enter zero. (This line must be equal to Form 4568, line 12.)	10.	00

PUBLIC CONTRIBUTION CREDIT

If not claiming the Public Contribution Credit, complete line 11 and carry amount to line 15.

11. Enter tax amount from Form 4568, line 16	11.	00
12. Public Contribution donation amount	12.	00
13. Multiply line 12 by 50% (0.50)	13.	00
14. Public Contribution Credit. Enter the lesser of line 13, or \$5,000, or 5% (0.05) of line 11. Carry amount to Form 4568, line 17	14.	00
15. Tax After Public Contribution Credit. Subtract line 14 from line 11. If less than zero, enter zero	15.	00

ARTS AND CULTURE CREDIT

If not claiming the Arts and Culture Credit, carry amount from line 15 to line 20.

16. Arts and Culture donation amount (see instructions)	16.	00
17. Qualified donation amount. Subtract \$50,000 from line 16. If less than zero, enter zero	17.	00
18. Multiply line 17 by 50% (0.50)	18.	00
19. Arts and Culture Credit. Enter the lesser of line 18, \$100,000, or the tax from line 15. Carry amount to Form 4568, line 18	19.	00
20. Tax After Arts and Culture Credit. Subtract line 19 from line 15. If less than zero, enter zero. (This line must be equal to Form 4568, line 19.)	20.	00

Instructions for Form 4572

Michigan Business Tax (MBT) Charitable Contribution Credits

Purpose

To allow standard taxpayers to claim the charitable contribution credits. Credits are calculated here and then carried to the *MBT Nonrefundable Credits Summary* (Form 4568).

NOTE: Financial institutions and insurance companies are not eligible for these credits.

Special Instructions for Unitary Business Groups

Credits are generally earned and calculated on a group basis, unless the relevant statute contains entity-specific provisions. These available credits are calculated on a group basis. Intercompany transactions are generally not eliminated for the purpose of credit calculations.

To the extent that a qualified taxpayer earning the Community and Education Foundations Credit, Homeless Shelter/Food Bank Credit, or Public Contribution Credit is included within a Unitary Business Group (UBG) for the relevant tax years, the eligible credit amount is limited to the lesser of \$5,000, 50 percent of contribution, or 5 percent of the applicable tax liability of the UBG.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the *MBT Annual Return* (Form 4567).

UBGs: Complete one form for the group. Enter the Designated Member (DM) name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN)/Michigan Treasury (TR) Number field.

Credits

COMMUNITY AND EDUCATION FOUNDATIONS CREDIT

A partial credit is allowed when donating to the endowment fund of a certified community foundation or education foundation. A complete list is on pages 151 and 152. If a valid code is not entered, a credit will not be allowed. If donations were made to more than two foundations, attach a list referencing the additional foundations. For a contribution to a community foundation endowment, a taxpayer that also is subject to the Michigan Income Tax Act (Public Act (PA) 281 of 1967) may choose to claim a credit on the Individual Income Tax return or the MBT return, but not both. A contribution to an education foundation endowment, however, is available only under MBT.

HOMELESS SHELTER/FOOD BANK CREDIT

A partial credit is allowed when making a cash donation to a qualifying shelter for homeless persons, food kitchen, food bank, or other entity whose primary purpose is to provide overnight accommodations, food, or meals to indigent persons. For more information, see Michigan Compiled Law 208.1427.

For a cash donation that qualifies for this credit, a taxpayer that also is subject to the Michigan Income Tax Act (PA 281 of 1967) may choose to claim a credit on the Individual Income Tax return or the MBT return, but not both.

PUBLIC CONTRIBUTION CREDIT

A partial credit is allowed for Corporations and Partnerships (and Limited Liability Companies federally taxed as such) when donations are made during the taxable year to public broadcast stations located in Michigan, Michigan public libraries, institutions of higher learning located in Michigan or a nonprofit corporation, fund, foundation, trust, or association organized and operated exclusively for the benefit of an institution of higher learning, the Michigan Colleges Foundation, and the Michigan Housing and Community Development Fund. A taxpayer that also is subject to the Michigan Income Tax Act (PA 281 of 1967) may not claim this credit under MBT.

ARTS AND CULTURE CREDIT

A partial credit is allowed when donations are made to either of the following:

- **Category A:** A municipality or a nonprofit corporation affiliated with a municipality and an art, historical, or zoological institute for the purpose of benefiting the art, historical, or zoological institute, OR
- **Category B:** An institute devoted to the procurement, care, study, and display of objects of lasting interest or value.

To calculate the Arts and Culture Credit, a taxpayer may count aggregate contributions to the charities described in Category A above if those contributions exceed \$50,000, as well as aggregate contributions to charities described in Category B if those contributions exceed \$50,000. A taxpayer is not precluded from taking the credit for donations made to both categories as long as the taxpayer meets the minimum donation separately for each category and does not exceed the overall credit limitation of \$100,000.

Contributions within a category may be aggregated to reach the \$50,000 minimum. However, contributions made to one category may not be aggregated with contributions to the other to reach the \$50,000 minimum.

Line 16: Use the worksheet below to calculate the donation amount.

If aggregate contributions to Category A institutions exceed \$50,000, enter that aggregate amount here	<input type="text"/>
	+
If aggregate contributions to Category B institutions exceed \$50,000, enter that aggregate amount here	<input type="text"/>
	=
TOTAL Arts and Culture donation amount	<input type="text"/>

Include completed Form 4572 as part of the tax return filing.

2009 MICHIGAN Business Tax Miscellaneous Nonrefundable Credits

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number
------	--

PART 1 - If not taking any credits in Part 1, skip to Part 2.

NASCAR SPEEDWAY CREDIT

- | | | |
|--|----|----|
| 1. Tax from Form 4568, line 12..... | 1. | 00 |
| 2. Eligible capital expenditures..... | 2. | 00 |
| 3. NASCAR Speedway Credit. Enter the lesser of line 1, line 2, or \$2,100,000.
Carry amount to Form 4568, line 13..... | 3. | 00 |

STADIUM CREDIT

- | | | |
|--|----|----|
| 4. Tax from Form 4568, line 12..... | 4. | 00 |
| 5. Multiply line 4 by 65% (0.65)..... | 5. | 00 |
| 6. Stadium Credit. Enter the lesser of line 5 or \$1,700,000. Carry amount to Form 4568, line 14..... | 6. | 00 |

START-UP BUSINESS CREDIT

- | | | |
|--|----|----|
| 7. Start-Up Business Credit (attach MEDC Certificate)..... | 7. | 00 |
| 8. Recapture of Start-Up Business Credit..... | 8. | 00 |
| 9. Start-Up Business Credit. Subtract line 8 from line 7. Carry to Form 4568, line 15. If less than zero, enter as a negative number..... | 9. | 00 |

PART 2

- | | | |
|--------------------------------------|-----|----|
| 10. Tax from Form 4568, line 19..... | 10. | 00 |
|--------------------------------------|-----|----|

NEXT ENERGY BUSINESS ACTIVITY CREDIT. If not claiming, carry amount from line 10 to line 13.

- | | | |
|--|-----|----|
| 11. Next Energy Business Activity Credit (attach MEDC Certificate)..... | 11. | 00 |
| 12. Next Energy Business Activity Credit. Enter the lesser of line 10 or 11. Carry amount to Form 4568, line 20.. | 12. | 00 |
| 13. Tax After Next Energy Business Activity Credit. Subtract line 12 from line 10..... | 13. | 00 |

RENAISSANCE ZONE CREDIT. If not claiming, carry amount from line 13 to line 15.

If claiming, complete and attach the Renaissance Zone Schedule Form 4595.

- | | | |
|--|-----|----|
| 14. Renaissance Zone Credit. Amount from Form 4595, line 25b. Carry amount to Form 4568, line 21..... | 14. | 00 |
| 15. Tax After Renaissance Zone Credit. Subtract line 14 from line 13. If less than zero, enter zero..... | 15. | 00 |

HISTORIC PRESERVATION CREDIT. If not claiming, carry amount from line 15 to line 18.

- | | | |
|--|------|----|
| 16. Historic Preservation Credit from Form 4584, line 29..... | 16. | 00 |
| 17a. Recapture of Historic Preservation Tax Credit from Form 4584, line 2..... | 17a. | 00 |
| 17b. Historic Preservation Credit Net of Recapture. Subtract line 17a from line 16.
If less than zero, enter as a negative number. Carry to Form 4568, line 22..... | 17b. | 00 |
| 18. Tax After Historic Preservation Credit. Subtract line 16 from line 15 and add line 17a..... | 18. | 00 |

LOW-GRADE HEMATITE CREDIT. If not claiming, carry amount from line 18 to line 23.

- | | | |
|---|-----|----|
| 19. Current Year Credit. Multiply \$1.00 by number of long tons of qualified low-grade hematite used..... | 19. | 00 |
| 20. Unused credit from previous period MBT return..... | 20. | 00 |
| 21. Total Available Credit. Add lines 19 and 20..... | 21. | 00 |
| 22. Low-Grade Hematite Credit. Enter the lesser of line 18 or line 21. Carry amount to Form 4568, line 23..... | 22. | 00 |
| 23. Tax After Low-Grade Hematite Credit. Subtract line 22 from line 18..... | 23. | 00 |
| 24. Credit Carryforward. If line 21 is greater than line 18, enter the difference..... | 24. | 00 |

ENTREPRENEURIAL CREDIT. If not claiming, carry amount from line 23 to line 30.

- | | | |
|---|-----|----|
| 25. Payroll of increased new jobs..... | 25. | 00 |
| 26. Total Michigan payroll..... | 26. | 00 |
| 27. Credit percentage. Divide line 25 by line 26..... | 27. | % |
| 28. Multiply line 23 by line 27..... | 28. | 00 |
| 29. Entrepreneurial Credit. Enter the lesser of line 23 or 28. Carry amount to Form 4568, line 24..... | 29. | 00 |
| 30. Tax After Entrepreneurial Credit. Subtract line 29 from line 23. If less than zero, enter zero..... | 30. | 00 |

NEW MOTOR VEHICLE DEALER INVENTORY CREDIT. If not claiming, carry amount from line 30 to line 34.

31. Amount paid to acquire new motor vehicle inventory in the tax year	31.		00
32. Multiply line 31 by 0.25% (0.0025)	32.		00
33. New Motor Vehicle Dealer Inventory Credit. Enter lesser of line 30 or line 32. Carry amount to Form 4568, line 25.....	33.		00
34. Tax After New Motor Vehicle Dealer Inventory Credit. Subtract line 33 from line 30. If less than zero, enter zero.....	34.		00

LARGE FOOD RETAILER CREDIT. If not claiming, carry amount from line 34 to line 38.

35. Michigan compensation.....	35.		00
36. Multiply line 35 by 1% (0.01)	36.		00
37. Large Food Retailer Credit. Enter lesser of line 34, line 36, or \$8,500,000. Carry amount to Form 4568, line 26 ...	37.		00
38. Tax After Large Food Retailer Credit. Subtract line 37 from line 34. If less than zero, enter zero.....	38.		00

MID-SIZE FOOD RETAILER CREDIT. If not claiming, carry amount from line 38 to line 42.

39. Michigan compensation.....	39.		00
40. Multiply line 39 by 0.125% (0.00125)	40.		00
41. Mid-size Food Retailer Credit. Enter lesser of line 38, line 40, or \$300,000. Carry amount to Form 4568, line 27.	41.		00
42. Tax After Mid-size Food Retailer Credit. Subtract line 41 from line 38. If less than zero, enter zero.....	42.		00

BOTTLE DEPOSIT ADMINISTRATION CREDIT. If not claiming, carry amount from line 42 to line 46.

43. Expenses incurred in compliance with MCL 445.571 - 445.576.....	43.		00
44. Multiply line 43 by 30.5% (0.305)	44.		00
45. Bottle Deposit Administration Credit. Enter the lesser of line 42 or 44. Carry amount to Form 4568, line 28..	45.		00
46. Tax After Bottle Deposit Administration Credit. Subtract line 45 from line 42. If less than zero, enter zero	46.		00

ANCHOR COMPANY TAXABLE VALUE CREDIT. If not claiming, carry amount from line 46 to line 48.

47. Anchor Company Taxable Value Credit from Form 4584, line 38. Carry amount to Form 4568, line 29.....	47.		00
48. Tax After Anchor Company Taxable Value Credit. Subtract line 47 from line 46. If less than zero, enter zero.....	48.		00

ANCHOR COMPANY PAYROLL CREDIT. If not claiming, carry amount from line 48 to line 50.

49. Anchor Company Payroll Credit from Form 4584, line 46. Carry amount to Form 4568, line 30	49.		00
50. Tax After Anchor Company Payroll Credit. Subtract line 49 from line 48. If less than zero, enter zero	50.		00

MEGA FEDERAL CONTRACT CREDIT. If not claiming, carry amount from line 50 to line 52.

51. MEGA Federal Contract Credit from Form 4584, line 54. Carry amount to Form 4568, line 31	51.		00
52. Tax After MEGA Federal Contract Credit. Subtract line 51 from line 50. If less than zero, enter zero	52.		00

BIOFUEL INFRASTRUCTURE CREDIT. If not claiming, carry amount from line 52 to line 55.

53. Amount from <i>Michigan Strategic Fund Energy Office Certificate</i> (attach)	53.		00
54. Biofuel Infrastructure Credit. Enter the lesser of line 52 or 53. Carry amount to Form 4568, line 32.....	54.		00
55. Tax After Biofuel Infrastructure Credit. Subtract line 54 from line 52. If less than zero, enter zero	55.		00

BONUS DEPRECIATION CREDIT. If not claiming, carry amount from line 55 to line 60.

56. Amount claimed on federal return for bonus depreciation under IRC § 168(k) for the 2008 tax year	56.		00
57. Multiply line 56 by apportionment percentage from Form 4567, line 11c	57.		00
58. Multiply line 57 by 0.42% (0.0042)	58.		00
59. Bonus Depreciation Credit. Enter the lesser of line 55 or 58. Carry to Form 4568, line 33	59.		00
60. Tax After Bonus Depreciation Credit. Subtract line 59 from line 55. If less than zero, enter zero	60.		00
61. Credit Carryforward. If line 58 is greater than line 55, enter the difference	61.		00

INDIVIDUAL OR FAMILY DEVELOPMENT ACCOUNT CREDIT. If not claiming, carry amount from line 60 to line 67.

62. Contribution amount from MSHDA certificate (attach).....	62.		00
63. Current Individual or Family Development Account (IFDA) Credit. Multiply amount on line 62 by 75% (0.75)	63.		00
64. Unused credit from previous period MBT return.....	64.		00
65. Total Available Credit. Add lines 63 and 64	65.		00
66. IFDA Credit. Enter the lesser of line 60 or 65. Carry to Form 4568, line 34	66.		00
67. Tax After IFDA Credit. Subtract line 66 from line 60. If less than zero, enter zero.....	67.		00
68. Credit Carryforward. If line 65 is greater than line 60, enter the difference.....	68.		00

INTERNATIONAL AUTO SHOW CREDIT. If not claiming, carry amount from line 67 to line 71.

69. For tax year ending in 2009, enter \$500,000. (See instructions for tax years ending in 2010.)	69.		00
70. International Auto Show Credit. Enter the lesser of line 67 or line 69. Carry to Form 4568, line 35	70.		00
71. Tax After International Auto Show Credit. Subtract line 70 from line 67	71.		00

BROWNFIELD REDEVELOPMENT CREDIT. If not claiming, carry amount from line 71 to line 73.

72. Brownfield Redevelopment Credit from Form 4584, line 72. Carry amount to Form 4568, line 36.....	72.		00
73. Tax After Brownfield Redevelopment Credit. Subtract line 72 from line 71. If less than zero, enter zero	73.		00

FEIN or TR Number:

PRIVATE EQUITY FUND CREDIT. If not claiming, carry amount from line 73 to line 78.

74. Total activity of fund manager conducted in Michigan in the tax year	74.		00
75. Total activity of fund manager conducted everywhere in the tax year	75.		00
76. Credit percentage. Divide line 74 by line 75	76.		%
77. Private Equity Fund Credit. Multiply line 73 by line 76. Carry amount to Form 4568, line 37	77.		00
78. Tax After Private Equity Fund Credit. Subtract line 77 from line 73. If less than zero, enter zero	78.		00

FILM JOB TRAINING CREDIT. If not claiming, carry amount from line 78 to line 83.

79. Amount from <i>Qualified Job Training Expenditure Certificate</i> provided by Michigan Film Office (attach)	79.		00
80. Unused credit from previous period MBT return	80.		00
81. Total Available Credit. Add lines 79 and 80	81.		00
82. Film Job Training Credit. Enter the lesser of line 78 or line 81. Carry amount to Form 4568, line 38	82.		00
83. Tax After Film Job Training Credit. Subtract line 82 from line 78. If less than zero, enter zero	83.		00
84. Credit Carryforward. If line 81 is greater than line 78, enter the difference	84.		00

FILM INFRASTRUCTURE CREDIT. If not claiming, carry amount from line 83 to line 89.

85. Amount from <i>Investment Expenditure Certificate</i> provided by Film Office (attach) or assigned credit amount	85.		00
86. Unused credit from previous period MBT return	86.		00
87. Total Available Credit. Add lines 85 and 86	87.		00
88. Film Infrastructure Credit. Enter the lesser of line 83 or line 87. Carry amount to Form 4568, line 39	88.		00
89. Tax After Film Infrastructure Credit. Subtract line 88 from line 83. If less than zero, enter zero	89.		00
90. Credit Carryforward. If line 87 is greater than line 83, enter the difference	90.		00

Instructions for Form 4573

Michigan Business Tax (MBT) Miscellaneous Nonrefundable Credits

Purpose

To allow standard taxpayers to claim certain miscellaneous nonrefundable credits. Generally, credits and any carryforwards allowed are calculated here and then carried to the *MBT Nonrefundable Credits Summary* (Form 4568). Review the descriptions carefully before claiming a credit as there are strict eligibility requirements. Follow the instructions on the form for each credit.

NOTE: This form may also be used by financial institutions to claim a limited number of credits:

- Renaissance Zone Credit
- Historic Preservation Credit
- Individual or Family Development Account Credit
- Brownfield Redevelopment Credit
- Assigned Film Infrastructure Credit.

Insurance companies use the *Miscellaneous Credits for Insurance Companies* (Form 4596) to claim credits for which they are eligible.

Special Instructions for Unitary Business Groups

Credits are earned and calculated on either an entity-specific or group basis, as determined by the relevant statutory provisions for the respective credits. Inter-company transactions are not eliminated for the calculation of most credits. Credits earned or calculated on either an entity-specific or group basis by Unitary Business Group (UBG) members are generally applied against the tax liability of the UBG, unless otherwise specified by statute or these instructions.

Entity-specific provisions are applied on a member-by-member basis and are addressed in the "Line-by-Line Instructions." In none of these cases does a taxpayer that is a UBG take the entity type of its parent, Designated Member (DM), or any other member of the UBG. A UBG taxpayer will not be attributed an entity type based on the composition of its members.

If any member of the UBG is eligible for an entity-specific credit, a statement must be attached to the form identifying the eligible member and any information requested for the credit. If more than one member is eligible, requested information should be provided in the statement on a per member basis. The total amount from all eligible members will be entered on each corresponding line on the form.

To the extent that a qualified taxpayer earning the Brownfield Redevelopment Credit or Historic Preservation Credit is included within a UBG taxpayer for relevant tax years, the qualified taxpayer's unused pre-2008 Brownfield Redevelopment Credit and/or Historic Preservation Credit (that is, such credits earned under the Single Business Tax (SBT)) may be applied against the tax liability imposed on the entire UBG taxpayer (of which the qualified taxpayer is a member) for the tax years the carryforward would have been available under SBT. These carryforwards are claimed on the *MBT Single Business Tax Credit Carryforwards* (Form 4569).

Find additional information on calculating credit carryforwards in the "Supplemental Instructions for Standard Members in UBGs" on page 141.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers or the *MBT Annual Return for Financial Institutions* (Form 4590)).

UBGs: Complete one form for the group. Enter the DM's name and account number.

PART 1

If not taking any credits in Part 1, skip to Part 2.

NASCAR Speedway Credit

For tax years that begin on or after January 1, 2008, and end before January 1, 2013, an eligible taxpayer may claim a credit against the tax imposed by the MBT Act equal to the amount of capital expenditures in this State on infield renovation, grandstand and infrastructure upgrades, and any other construction and upgrades subject to the following:

- For the 2008 through 2010 tax years, the credit is limited to the lesser of the taxpayer's tax liability or \$2,100,000.
- For the 2011 tax year, the credit is limited to the lesser of the taxpayer's tax liability or \$1,580,000.
- For the 2012 tax year, the credit is limited to the lesser of the taxpayer's tax liability or \$1,050,000.

UBGs: If the eligible taxpayer is a member of a UBG, this credit is calculated against the eligible member's capital expenditures. This credit amount is limited to the lesser of the applicable dollar amount specified above or the pro forma tax liability calculated for the eligible taxpayer for that tax year. The resulting credit amount is then applied toward the UBG's tax liability for that tax year.

An eligible taxpayer must expend at least \$30,000,000 on capital expenditures before January 1, 2011. An *eligible taxpayer* is any of the following:

- A person who owns and operates a motorsports entertainment complex and has at least two days of sanctioned motorsports events each calendar year which are comparable to NASCAR Nextel Cup events held in 2007 or their successor events.
- A person who is the lessee and operator of a motorsports entertainment complex or the lessee of the land on which a motorsports entertainment complex is located and operates that motorsports entertainment complex.
- A person who operates and maintains a motorsports entertainment complex under an operation and management agreement.

Motorsports entertainment complex means a closed-course

motorsports facility, and its ancillary grounds and facilities, that satisfies all of the following:

- Has at least 70,000 fixed seats for race patrons.
- Has at least six scheduled days of motorsports events each calendar year.
- Serves food and beverages at the motorsports entertainment complex during motorsports events each calendar year through concession outlets, which are staffed by individuals who represent or are members of one or more nonprofit civic or charitable organizations that directly benefit from the concession outlets' sales.
- Engages in tourism promotion.
- Has permanent exhibitions of motorsports history, events, or vehicles within the motorsports entertainment complex.

Motorsports event means a motorsports race and its ancillary activities that have been sanctioned by a sanctioning body.

Sanctioning body means the American Motorcycle Association (AMA); Auto Racing Club of America (ARCA); Championship Auto Racing Teams (CART); Grand American Road Racing Association (GRAND AM); Indy Racing League (IRL); National Association for Stock Car Auto Racing (NASCAR); National Hot Rod Association (NHRA); Professional Sports Car Racing (PSR); Sports Car Club of America (SCCA); United States Auto Club (USAC); Michigan State Promoters Association; or any successor organization or any other nationally or internationally recognized governing body of motorsports that establishes an annual schedule of motorsports events and grants rights to conduct the events, that has established and administers rules and regulations governing all participants involved in the events and all persons conducting the events, and that requires certain liability assurances, including insurance.

Line 2: Enter eligible capital expenditures on infield renovation, grandstand, and infrastructure upgrades, and any other construction and upgrades. If eligible capital expenditures were made by a member of a UBG, enter the lesser of the eligible capital expenditures or the eligible member's pro forma liability.

UBGs: If the eligible taxpayer is a member of a UBG, a pro forma calculation must be performed to determine the tax liability of the eligible taxpayer prior to this credit. Where a pro forma calculation is required, the underlying objective is to determine what the tax liability of the UBG member generating the credit would have been if that member was not included in the UBG. Therefore, the UBG member generating the credit must calculate its pro forma tax liability as if it was a singular, stand alone taxpayer in all aspects. This supporting calculation should be provided in a statement attached to this form. However, this calculation should never be transferred to an *MBT Annual Return* (Form 4567) or displayed as such.

Stadium Credit

For tax years that begin on or after January 1, 2008, and end before January 1, 2013, an eligible taxpayer may claim a credit against the tax imposed by the MBT Act equal to the following:

- For the 2008 through 2010 tax years, 65 percent of the eligible taxpayer's total tax liability not to exceed \$1,700,000.

- For the 2011 tax year, 45 percent of the eligible taxpayer's total tax liability not to exceed \$1,180,000.
- For the 2012 tax year, 25 percent of the eligible taxpayer's total tax liability not to exceed \$650,000.

An eligible taxpayer who is collectively or individually (including through affiliated companies) an owner, operator, manager, licensee, lessee, or tenant of more than one facility or stadium in Michigan (including grounds and ancillary facilities) that has a capacity of at least 14,000 patrons per facility and is primarily used for professional sporting events or other entertainment may earn a credit in one of two ways:

- The owner, operator, manager, licensee, lessee, or tenant as described above may make a capital investment of not less than \$125,000,000, collectively or individually (including through affiliated companies), into the construction cost of a facility or stadium for which the taxpayer qualifies for this credit and must not have received proceeds from a State appropriation or a public bond issue from a local unit of government or public authority to assist in the construction or debt retirement of the facility, excluding a tax abatement, other waiver of a State or local tax or fee, or a State or local tax or fee from a public entity for road or infrastructure assistance, or
- The owner, operator, manager, licensee, lessee, or tenant as described above may make a capital investment of not less than \$250,000,000, collectively or individually (including through affiliated companies), into the construction cost of a facility or stadium for which the taxpayer qualifies for this credit.

Line 4: Enter the amount from Form 4568, line 12. If the eligible taxpayer is a member of a UBG, enter instead the member's pro forma tax liability. (See information for UBGs below.)

UBGs: See guidance on pro forma calculations in the UBG note under line 2.

Start-Up Business Credit

The Start-Up Business Credit provides a credit for small, relatively new taxpayers with substantial research and development activity. For a qualified taxpayer, the credit is equal to the taxpayer's MBT liability for the year. To qualify, a taxpayer must apply to and obtain certification from the Michigan Economic Development Corporation (MEDC), and attach that certificate to its MBT return. (If the certificate is not attached, the credit will be disallowed.) For an application form or additional information, call the MEDC at (517) 373-9808.

A business must satisfy all of the following criteria to be eligible for the credit:

- Fewer than 25 full-time equivalent employees.
- Sales of less than \$1,000,000 in the tax year for which the credit is claimed.
- Not publicly traded.
- Research and development make up at least 15 percent of its expenses in the tax year of the credit.
- During the immediately preceding seven years was in one of the first two years of contribution liability under the Michigan Employment Security Act (MESA), would have been in one of the first two years of contribution liability under MESA if the

business had employees and was liable under MESA, or would have been in one of the first two years of contribution liability under MESA if the business had not assumed successor liability under MESA.

- For the tax year for which a Start-Up Business Credit is claimed, compensation, directors' fees, or distributive shares paid by the taxpayer to any one of the following cannot exceed \$135,000:

- A shareholder of a C Corporation or S Corporation. *Shareholder* means a person who owns outstanding stock in a business or is a member of a business entity (for example, an LLC) that files as a corporation for federal income tax purposes. An individual is considered as the owner of the stock owned, directly or indirectly, by or for family members as defined by Internal Revenue Code (IRC) § 318(a)(1).
- An officer of a C Corporation.
- A partner of a Partnership or Limited Liability Partnership.
- A member of a Limited Liability Company (LLC).
- An Individual who is an owner.

Corporations (and LLCs federally taxed as such) must report compensation and director's fees of shareholders and (if a C Corporation) officers on the *MBT Schedule of Shareholders and Officers* (Form 4577) and attach to this form. Partnerships (and LLCs federally taxed as such) must report distributive shares to partners on the *MBT Schedule of Partners* (Form 4578) and attach to this form.

A taxpayer that meets the criteria and that is a qualified start-up business that does not have business income for two consecutive tax years may claim a credit against the tax imposed for the second of those two consecutive tax years and each immediately following consecutive tax year in which the taxpayer does not have business income. For the purposes of this credit, business income excludes funds received from small business innovation research grants and small business technology transfer programs established under the Small Business Innovation Development Act of 1982, Public Law 97-219, reauthorized under the Small Business Research and Development Enhancement Act, Public Law 102-564, and subsequently reauthorized under the Small Business Reauthorization Act of 2000, Public Law 106-554.

A Start-Up Business Credit cannot be claimed for more than a total of five tax years including the number of years the taxpayer was eligible to claim the credit under SBT.

UBGs: If the eligible taxpayer is a member of a UBG, this credit is based on the eligible member's business activity only. This credit amount is limited to the pro forma tax liability calculated for the eligible taxpayer for that tax year. The resulting credit amount is then applied towards the UBG's tax liability for that tax year.

Line 7: Enter the tax liability from Form 4568, line 12, or the eligible member's pro forma liability if part of a UBG (see below). Attach supporting MEDC Certification Letter.

UBGs: See guidance on pro forma calculations in the UBG note under line 2.

Line 8: Enter any recapture of Start-Up Business Credit.

NOTE: A company claiming the Start-Up Business Credit under either MBT or SBT must pay back a portion of the credit if they have no business activity in Michigan and have business activity outside of Michigan within three years after the last tax year in which the credit was taken. The following amounts must be added to the tax liability:

- 100 percent of the total of all credits claimed if the move is within the first tax year after the last tax year for which a credit is claimed.
- 67 percent of the total of all credits claimed if the move is within the second tax year after the last tax year for which a credit is claimed.
- 33 percent of the total of all credits claimed if the move is within the third tax year after the last tax year for which a credit is claimed.

PART 2

Next Energy Business Activity Credit

The Next Energy Business Activity Credit allows an eligible taxpayer to claim a credit for certain qualified business activity if certified under the Michigan Next Energy Authority Act.

Qualified business activity is research, development, or manufacturing of an alternative energy marine propulsion system, an alternative energy system, an alternative energy vehicle, alternative energy technology, or renewable fuel (as defined in the Michigan Next Energy Authority Act).

Line 11: The credit for the tax year is equal to the lesser of:

- The amount by which the eligible taxpayer's tax liability attributable to qualified business activity for the tax year exceeds the eligible taxpayer's baseline tax liability attributable to qualified business activity.

NOTE: Baseline tax liability attributable to qualified business activity is the eligible taxpayer's 2001 tax year tax liability under the SBT Act multiplied by its alternative energy business activity factor for its 2001 tax year under the SBT Act.

- 10 percent of the amount by which the eligible taxpayer's adjusted qualified business activity performed in Michigan outside of a Renaissance Zone for the tax year exceeds the eligible taxpayer's adjusted qualified business activity performed in Michigan outside of a Renaissance Zone for the 2001 tax year under the SBT Act.

UBGs: If the eligible taxpayer is a member of a UBG, the eligible member's calculated pro forma liability (not the group's liability) must be used to determine the credit amount certified by the MEDC. This supporting pro forma calculation should be provided in a statement attached to this form. However, this calculation should never be transferred to a Form 4567 or displayed as such. See guidance on pro forma calculations in the UBG note under line 2.

Attach the certificate issued by MEDC for this credit to the return to substantiate a claim. (If the certificate is not attached, the credit will be disallowed.)

For more information, call the MEDC at (517) 373-9808 or visit the MEDC Web site at michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.

Renaissance Zone Credit

The Renaissance Zone Credit encourages businesses and individuals to move into a designated Zone to help revitalize the area by providing a credit for businesses located and conducting business activity within the Zone.

Line 14: Complete and attach the *MBT Renaissance Zone Credit Schedule* (Form 4595) to claim this credit.

UBGs: If completing more than one Form 4595, add line 25b from each member's Form 4595 and enter the sum on line 14 of Form 4573.

For more information on Renaissance Zones, contact the MEDC at (517) 373-9808 or visit their Web site at michiganadvantage.org/MIAdvantage/Taxes-and-Incentives. For information on the MBT credit, contact the Michigan Department of Treasury, Customer Contact Division, MBT Unit, at (517) 636-4657.

Historic Preservation Credit

The Historic Preservation Credit provides tax incentives for homeowners, commercial property owners, and businesses to rehabilitate historic resources located in Michigan. Rehabilitation projects must be certified by the State Historic Preservation Office.

Line 16: Complete Form 4584 to claim this credit and elect a refund or carryforward of the resulting overpayment, if any.

Line 17a: Recapture from Form 4584, Line 2. If the resource is sold or the certification of completed rehabilitation or preapproval letter is revoked less than five years after the historic resource is placed in service, a percentage of the credit may be subject to recapture.

100 percent	If less than 1 year
80 percent	If at least 1 year, but less than 2 years
60 percent	If at least 2 years, but less than 3 years
40 percent	If at least 3 years, but less than 4 years
20 percent	If at least 4 years, but less than 5 years

Questions regarding federal and State certification may be directed to the State Historic Preservation Office (SHPO) at (517) 373-1630. For additional information, visit the SHPO Web site at www.michigan.gov/shpo. Information about Federal Historic Preservation Tax Incentives is available at www2.cr.nps.gov.

Low-Grade Hematite Credit

The Low-Grade Hematite Credit provides a credit equal to one dollar per long ton of qualified low-grade hematite pellets consumed in an industrial or manufacturing process, a process in which low-grade hematite is used as a raw material in the production of pig iron or steel, that is the business activity of the taxpayer. This credit must be based on low-grade hematite pellets consumed on or after January 1, 2000. If the credit exceeds the tax liability, the excess may be carried forward for five years.

UBGs: The credit is calculated from the aggregate tonnage of qualified low-grade hematite pellets consumed by all UBG members in an industrial or manufacturing process.

Line 19: *Low-grade hematite* means any hematitic iron formation that is not of sufficient quality in its original mineral state to be mined and shipped for the production of pig iron or steel without first being drilled, blasted, crushed, and ground very fine to liberate the iron minerals and for which additional beneficiation and agglomeration are required to produce a product of sufficient quality to be used in the production of pig iron or steel. Qualified low-grade hematite must be produced from low-grade hematitic iron ore mined in the United States.

Line 24: If line 21 is greater than line 18, enter the difference. This is a credit carryforward to be used on the taxpayer's immediately following MBT return.

UBGs: Enter the unused credit amount from previous MBT return unless the qualified member has left the UBG. See the "Supplemental Instructions for Standard Members in UBGs" on page 141.

Entrepreneurial Credit

For tax years ending in 2008 through 2010, a taxpayer may claim the Michigan entrepreneurial credit equal to 100 percent of the eligible taxpayer's tax liability attributable to increased employment for three years. The taxpayer must meet all of the following criteria:

- Has less than \$25,575,000 in gross receipts (adjusted annually for inflation) in the immediately preceding tax year.
- Created or transferred into Michigan at least 20 new jobs in the immediately preceding tax year.
- Made a capital investment in Michigan of at least \$1,250,000 in the immediately preceding tax year. (Cannot include the purchase of an existing plant or the purchase of existing equipment.)
- Is not a retail establishment as described in major groups 52 through 59 and 70 under the Standard Industrial Classification (SIC) Code as compiled by the United States Department of Labor. (However, a restaurant that did not exist, as determined by the State Treasurer, in Michigan in the immediately preceding year before which the credit is claimed and that is not a franchise or a part of a UBG may qualify for the credit.)

Alternatively, a taxpayer that is an eligible business engaged in research and development as defined in Section 407 of the MBT Act and that received an eligible contribution as defined in Section 407 for which a Michigan Economic Growth Authority (MEGA) Research and Development Credit was claimed by another taxpayer may claim the Michigan Entrepreneurial Credit equal to 100 percent of the taxpayer's MBT tax liability attributable to the increased employment for three years if the taxpayer meets all of the following conditions:

- Had less than \$25,000,000 in gross receipts in the immediately preceding tax year.
- Has increased the number of new jobs in Michigan by at least 20 percent from the immediately preceding tax year.

Recapture Note: If the new jobs for which the taxpayer qualifies for this credit are relocated outside of Michigan within five years after claiming the credit or if the taxpayer

reduces the employment levels by more than 10 percent of the jobs for which the taxpayer qualifies for the credit, that taxpayer is liable in an amount equal to the total of all credits received. Recapture is reported on the *MBT Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587).

UBGs: If the eligible taxpayer is a member of a UBG, qualification for this credit is determined by that member's activities. The credit amount is based upon pro forma tax liability calculated for that member. See guidance on pro forma calculations in the UBG note under line 2. The resulting credit amount is then applied toward the UBG's tax liability.

Line 25: Enter the payroll of increased new jobs in Michigan.

UBGs: If the eligible taxpayer is a member of a UBG, enter only the eligible member's payroll of the increased jobs attributable to Michigan.

New jobs must meet all of the following criteria:

- Did not exist in Michigan in the immediately preceding tax year.
- Represent an overall increase in full-time equivalent jobs of the taxpayer in Michigan in the immediately preceding tax year.
- Are not jobs into which employees transfer if the employees worked in Michigan for the taxpayer in other jobs prior to beginning the new jobs.

Payroll means total salaries and wages before deducting any personal or dependency exemptions.

Line 26: Enter only the payroll attributable to Michigan.

UBGs: If the eligible taxpayer is a member of a UBG, enter only the eligible member's payroll attributable to Michigan.

Line 28: UBGs: If the eligible taxpayer is a member of a UBG, multiply line 27 by that member's pro forma tax liability for line 23. See guidance on pro forma calculations in the UBG note under line 2.

New Motor Vehicle Dealer Inventory Credit

A taxpayer that is a new motor vehicle dealer licensed under the Michigan vehicle code, Public Act (PA) 300 of 1949, Michigan Compiled Law (MCL) 257.1 to 257.923, may claim a credit against the tax equal to 0.25 percent of the amount paid by the taxpayer to acquire new motor vehicle inventory in Michigan during the tax year.

Line 31: *New motor vehicle inventory* means new motor vehicles or new motor vehicle parts.

Large Food Retailer Credit

An eligible taxpayer may claim a Large Food Retailer Credit equal to 1 percent of the taxpayer's compensation in Michigan, not to exceed \$8,500,000. A taxpayer that claims a Large Food Retailer Credit cannot also claim a Mid-Size Food Retailer Credit.

The taxpayer must meet all of the following criteria:

- Operates at least 17,000,000 square feet of enclosed retail space and 2,000,000 square feet of enclosed warehouse space in Michigan.

- Sells all of the following at retail:

- Fresh, frozen, or processed food; food products; or consumable necessities.
- Prescriptions and over-the-counter medications.
- Health and beauty care products.
- Cosmetics.
- Pet products.
- Carbonated beverages.
- Beer, wine, or liquor.

- Sales of the items listed above represent more than 35 percent of the taxpayer's total sales in the tax year.

- Maintains its headquarters operation in Michigan.

Line 35: Enter compensation attributable to Michigan.

UBGs: If the eligible taxpayer is a UBG, enter the compensation attributable to Michigan for the entire UBG.

Mid-Size Food Retailer Credit

An eligible taxpayer may claim a Mid-Size Food Retailer Credit equal to 0.125 percent of the taxpayer's compensation in Michigan, not to exceed \$300,000.

The taxpayer must meet all of the following criteria:

- Operates at least 2,500,000 square feet of enclosed retail space and 1,400,000 square feet of enclosed warehouse, headquarters, and transportation services in Michigan.

- Sells all of the following at retail:

- Fresh, frozen, or processed food; food products; or consumable necessities.
- Prescriptions and over-the-counter medications.
- Health and beauty care products.
- Cosmetics.
- Pet products.
- Carbonated beverages.
- Beer, wine, or liquor.

- Sales of the items listed above represent more than 35 percent of the taxpayer's total sales in the tax year.

- Maintains its headquarters operation in Michigan.

Line 39: Enter compensation attributable to Michigan.

UBGs: If the eligible taxpayer is a UBG, enter the compensation attributable to Michigan for the entire UBG.

Bottle Deposit Administration Credit

An eligible taxpayer may claim a Bottle Deposit Administration Credit equal to 30.5 percent of the taxpayer's expenses incurred during the tax year to comply with 1976 IL 1, MCL 445.571 to 445.576. *Eligible taxpayer* means a distributor or manufacturer who originates a deposit on a beverage container in accordance with 1976 IL 1, MCL 445.571 to 445.576. *Beverage container* and *distributor* mean those terms as defined under 1976 IL 1, MCL 445.571 to 445.576.

UBGs: If the eligible taxpayer is a member of a UBG, enter expenses incurred only by that eligible member.

Anchor Company Taxable Value Credit

This credit is available for a qualified taxpayer that was designated by MEGA as an anchor company within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan.

Line 47: Complete the *MBT Election of Refund or Carryforward of Credits* (Form 4584) to claim this credit and elect a refund or carryforward of the resulting overpayment, if any.

For more information, contact the MEDC at (517) 373-9808 or visit the MEDC Web site at michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.

Anchor Company Payroll Credit

This credit is available for a qualified taxpayer that was designated by MEGA as an anchor company within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan.

Line 49: Complete Form 4584 to claim this credit and elect a refund or carryforward of the resulting overpayment, if any.

For more information, contact the MEDC at (517) 373-9808 or visit the MEDC Web site at michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.

MEGA Federal Contract Credit

This credit is available for a qualified taxpayer or collective group of taxpayers that have been awarded a federal procurement contract from the U.S. Department of Defense, Department of Energy, or Department of Homeland Security resulting in a minimum of 25 new full-time jobs.

The amount of the credit is the amount up to 100 percent of the qualified taxpayer's payroll attributable to employees who perform qualified new jobs created as a result of the person or the group being awarded the contract from such agencies, as determined by MEGA, multiplied by the Michigan Individual Income Tax rate for that tax year. The credit will be for a period of up to seven years or the term of the contract with such agency, as determined by MEGA. MEGA will not execute more than ten new agreements for this credit each year.

Line 51: Complete Form 4584 to claim this credit and elect a refund or carryforward of the resulting overpayment, if any.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.

Biofuel Infrastructure Credit

The Biofuel Infrastructure Credit is available to owners of service stations who convert existing delivery systems or create new delivery systems designed to provide E85 fuel or qualified biodiesel blends. *Qualified biodiesel blends* means any biodiesel blend that is blended on site utilizing on-demand bio-blending equipment that is installed after December 23, 2008. The credit is equal to 30 percent of the costs incurred during the tax year, not to exceed \$20,000 per tax year per taxpayer, and is effective for tax years beginning after December 31, 2008, and ending before January 1, 2012. A taxpayer cannot include any conversion or creation costs for which the taxpayer received a grant under the Service Station Matching Grant Program.

A taxpayer that stops using the new or converted fuel system within three years of receiving an MBT credit may, as determined by the Michigan Strategic Fund, have the credit reduced or terminated, or have a percentage of a previously claimed credit added back to its MBT tax liability in the year that the taxpayer stops using the fuel delivery system. Credit recapture is reported on Form 4587.

Line 53: Approved businesses receive an *Annual Tax Credit Certificate* from the Michigan Strategic Fund Energy Office each year showing the total amount of tax credit allowed. To receive the credit, attach the certificate to the return.

Bonus Depreciation Credit

For tax years beginning after December 31, 2008, and ending before January 1, 2011, a taxpayer may claim a credit equal to 0.42 percent of the amount of the IRC § 168(k) deduction claimed on the taxpayer's federal return for the 2008 tax year apportioned to Michigan. If the credit exceeds the taxpayer's MBT liability, the excess may be carried forward for 10 years or until used up, whichever comes first. This credit applies to all taxpayers other than regulated utilities.

Individual or Family Development Account Credit

A taxpayer or qualified financial institution may claim a credit for 75 percent of certified contributions made to a reserve fund of a fiduciary organization in accordance with the Individual or Family Development Account Program Act, PA 513 of 2006. A *fiduciary organization* is a 501(c)(3) exempt, charitable organization approved by the Michigan State Housing Development Authority (MSHDA) to manage a reserve fund. A *reserve fund* is a fund established and managed by a fiduciary organization housed at a financial institution.

This credit is nonrefundable but may be carried forward up to ten years. The credits, combined with the equivalent credits found in the Individual Income Tax Act at MCL 206.276, may not exceed \$1 million annually for all taxpayers. The determination of whether the annual limit is reached will be made by MSHDA, which must certify contributions eligible for a credit, in accordance with the Individual or Family Development Account Program Act.

Attach the certificate issued by MSHDA for this credit to the return to substantiate a claim. (If the certificate is not attached, the credit will be disallowed.)

NOTE: For purposes of this credit *qualified financial institution* is defined by reference to the definition of *financial institution* in the Individual or Family Development Account Program Act, rather than the MBT Act. *Financial institution* for this credit is defined as "a state chartered bank, state chartered savings bank, savings and loan association, credit union, or trust company; or a national banking association or federal savings and loan association or credit union."

Line 64: UBGs: Enter the unused credit amount from previous MBT return unless the qualified member has left the UBG. See the "Supplemental Instructions for Standard Members in UBGs" on page 141.

International Auto Show Credit

A taxpayer who owns, operates, or controls an international

auto show in Michigan that meets certain criteria may claim a credit. An international auto show must meet all of the following criteria:

- Promote, advertise, or display the design or concept of products that are designed, manufactured, or produced, in whole or in part, in this State and are available for sale to the general public.
- Use more than 100,000 square feet of floor space.
- Be open to the general public for at least seven consecutive days in a calendar year.
- Have attendance exceeding 500,000.
- Have more than 3,000 credentialed journalists, including international journalists, who attend the auto show.

A taxpayer claiming the International Auto Show Credit must maintain in its records proof that the international auto show satisfies all of the above criteria.

Line 69: For tax years ending in 2009, the credit is the entire liability or \$500,000 whichever is less. In 2010 and each year thereafter, the credit is equal to the qualified taxpayer's entire MBT liability or \$250,000, whichever is less.

UBGs: If the eligible taxpayer is a member of a UBG, a pro forma tax calculation must be attached showing the individual member's tax liability. This credit is equal to the lesser of the member's entire MBT liability or \$500,000, whichever is less. See guidance on pro forma calculations in the UBG note under line 2.

Brownfield Redevelopment Credit

The Brownfield Redevelopment Credit encourages businesses to make investment on eligible Michigan property that was used or is currently used for commercial, industrial, public, or residential purposes and is either a facility (environmentally contaminated property), functionally obsolete, or blighted.

Line 72: Complete Form 4584 to claim this credit and elect a refund or carryforward of the resulting overpayment.

The administration of the Brownfield Redevelopment Credit program is assigned to MEGA. For more information on the approval process, contact the MEDC at (517) 373-9808.

Private Equity Fund Credit

An eligible taxpayer may claim a Private Equity Fund Credit equal to the eligible taxpayer's tax liability attributable to the activities as an eligible taxpayer for the tax year after claiming any other credits allowed under the MBT Act multiplied by a fraction, the numerator of which is the total activity of the private equity fund manager conducted in Michigan during the tax year and the denominator of which is the total activity of the private equity fund manager conducted everywhere during the tax year.

Eligible taxpayer means a taxpayer that is a private equity fund which serves as a conduit for the investment of private securities not listed on a public exchange by accredited investors or qualified purchasers at any time during which the investment is acquired or subsequently used to claim the credit under this section.

Accredited investor means that term as defined under Section 2 of the Securities Act of 1933, 15 USC 77b.

Qualified purchaser means that term as defined under Section 2 of the Investment Company Act of 1940, 15USC80a-2.

Line 74: *Private equity fund manager* means the person or persons responsible for the management of the investments of the eligible taxpayer.

For purposes of this credit, the location of the activity of the private equity fund manager is based on the location of the office from which the fund manager conducts management activity for the eligible taxpayer.

UBGs: If the eligible taxpayer is a member of a UBG, enter only the activity of the eligible fund manager conducted in Michigan.

Line 75: If the eligible taxpayer is a member of a UBG, enter only the activity of the eligible fund manager conducted everywhere.

Line 77: If the taxpayer engages in both private equity fund activities as well as other activities, the amount on line 73 cannot be used. Instead, the taxpayer must do a pro forma calculation of the tax before this credit based solely on the private equity fund activities.

UBGs: To the extent that a private equity fund is part of a UBG, the Private Equity Fund Credit is equal to the tax liability of the eligible member prior to this credit, multiplied by a fraction which is the Michigan activities of the manager over the activities of the manager everywhere. A pro forma calculation must be performed to determine the tax liability of the eligible UBG member prior to this credit. See guidance on pro forma calculations in the UBG note under line 2.

Film Job Training Credit

An eligible production company may claim a credit equal to 50 percent of qualified job training expenditures in film and digital media for qualified personnel, provided the taxpayer enters into an agreement with the Michigan Film Office. This agreement requires the concurrence of the State Treasurer and may be entered into until September 30, 2015. If the credit exceeds the taxpayer's tax liability for the tax year, the excess may be carried forward to offset tax liability in subsequent years for a maximum of ten years.

Qualified personnel means a Michigan resident of not less than 12 months who has legal status for employment and who shows sufficient prior experience or training in the film or digital media industry as determined by the Film Office.

Line 79: After production, a taxpayer with an agreement must submit a request for a *Qualified Job Training Expenditure Certificate* to the Film Office, providing information on qualified job training expenditures, including employment, salary, and related information. Once the Film Office finds the taxpayer has complied with the agreement terms and is satisfied that the qualified job training expenditures and eligibility are adequately met, the Film Office will issue a *Qualified Job Training Expenditure Certificate* verifying the amount of the credit to be claimed. The *Qualified Job Training Expenditure Certificate* must be attached to the return to receive the credit.

NOTE: To qualify for the credit, a taxpayer must not be delinquent in a tax or other obligation owed to Michigan nor be owned or under common control of an entity that is delinquent. A credit cannot be claimed for any direct expenditure for which a Film Production Credit was claimed for either an MBT or withholding tax liability.

Line 80: UBGs: Enter the unused credit amount from previous MBT return unless the qualified member has left the UBG. See the “Supplemental Instructions for Standard Members in UBGs” on page 141.

Line 84: If line 81 is greater than line 78, enter the difference. This is a credit carryforward to be used on the taxpayer’s next MBT return.

For more information, contact the Michigan Film Office at 1-800-477-3456 or visit the Web site at www.michiganfilmoffice.org.

Film Infrastructure Credit

An eligible taxpayer may claim a credit for investment in a qualified film and digital media infrastructure project equal to 25 percent of the base investment expenditures for the project, provided the taxpayer enters into an agreement with the Michigan Film Office. This agreement requires the concurrence of the State Treasurer and may be entered into until September 30, 2015. The credit is reduced by the amount of any Brownfield Redevelopment Credit claimed under Section 437 of the MBT Act for the same base investment. If the credit exceeds the taxpayer’s tax liability for the tax year, the excess may be carried forward to offset tax liability in subsequent years for a maximum of ten years. The Film Office may not authorize total credits greater than \$20,000,000 in any tax year.

To qualify, a taxpayer must invest and expend at least \$100,000 for a qualified film and digital media infrastructure project in Michigan before January 1, 2009, or at least \$250,000 after December 31, 2008. The agreement with the Film Office will expire if construction does not begin within 180 days after the date of the agreement.

No claim for a credit may be filed until at least 25 percent of the base investment in the project has been expended. Once the Film Office finds the taxpayer has complied with the agreement terms and is satisfied that investment expenditures and eligibility are adequately met, the Film Office will issue an *Investment Expenditure Certificate* stating the amount of the credit. The certificate received must be attached to the return.

The credit may be assigned in the tax year in which the *Investment Expenditure Certificate* is received but any such assignment is irrevocable. The *MBT Film Credit Assignment* (Form 4589) must be attached to the return on which the credit is claimed.

An assigned credit amount must be claimed against the assignee’s MBT liability or withholding tax liability (Film Production Credit only) during the assignee’s tax year in which the credit was assigned.

NOTE: To qualify for the credit, a taxpayer must not be delinquent in a tax or other obligation owed to Michigan nor be owned or under common control of an entity that is delinquent.

A credit cannot be claimed for any direct expenditure for which a Film Production Credit was claimed against either an MBT or withholding tax liability.

If the taxpayer originally awarded this credit sells or otherwise disposes of any tangible assets, the cost of which were included in the base investment, that taxpayer must recapture part of the credit in the year of disposition. The recapture amount is equal to 25 percent of the gross proceeds or benefit derived from the sale or disposition of tangible assets, the cost of which was paid for or accrued after 2007, adjusted by the amount of the apportioned gain or loss. Credit recapture is reported on Form 4587.

Line 86: UBGs: Enter the unused credit amount from previous MBT return unless the qualified member has left the UBG. See the “Supplemental Instructions for Standard Members in UBGs” on page 141.

Line 90: If line 87 is greater than line 83, enter the difference. This is a credit carryforward to be used on the taxpayer’s next MBT return.

For more information, contact the Michigan Film Office at 1-800-477-3456 or visit the Web site at www.michiganfilmoffice.org.

2009 MICHIGAN Business Tax Refundable Credits

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number
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MEGA RESEARCH AND DEVELOPMENT CREDIT. If not claiming this credit, skip to line 2.

1. Credit amount from *MEDC Annual Tax Credit Certificate* (cannot exceed \$300,000; UBG-see instr.) (attach)

1.		00
2.		00
3.		00
4.		00
5.		00
6.		00
7.		00
8.		00
9.		00

PERSONAL PROPERTY TAX CREDIT. If not claiming this credit, skip to line 9.

2. Property taxes paid on eligible industrial personal property in the current MBT tax year (see instructions)
3. Multiply line 2 by 35% (0.35)
4. Property taxes paid on eligible telephone personal property in the current MBT tax year (see instructions)
5. Multiply line 4 by 13.5% (0.135). For taxes levied in 2008, see instructions
6. Property taxes paid on eligible natural gas pipeline property in the current MBT tax year (see instructions)
7. Multiply line 6 by 10% (0.10)
8. **Personal Property Tax Credit.** Add lines 3, 5 and 7

WORKERS' DISABILITY SUPPLEMENTAL BENEFIT (WDSB) CREDIT. If not claiming this credit, skip to line 10.

9. **WDSB Credit** allowed by the Workers' Compensation Agency

NEXT ENERGY PAYROLL CREDIT. Available only to businesses located within an alternative energy renaissance zone. If not claiming this credit, skip to line 13.

10. Enter alternative energy renaissance zone property information below:

Street Address	
City	Parcel Number

11. Total payroll of research, development or manufacturing employees who work primarily within the zone
12. **Next Energy Payroll Credit.** Multiply line 11 by the Michigan individual income tax rate for the tax year

11.		00
12.		00
13.		00
14.		00
15.		00
16.		00

MEGA EMPLOYMENT TAX CREDIT. If not claiming this credit, skip to line 14.

13. Credit amount from *MEDC Annual Tax Credit Certificate* (attach)

HISTORIC PRESERVATION CREDIT. If not claiming this credit, skip to line 15.

14. Credit amount from Form 4584, line 27b

NASCAR SAFETY CREDIT. If not claiming this credit, skip to line 17.

15. Expenses incurred to ensure traffic and pedestrian safety at motorsports events
16. **NASCAR Safety Credit.** Multiply line 15 by 50% (0.50)

HYBRID TECHNOLOGY RESEARCH AND DEVELOPMENT CREDIT. If not claiming this credit, skip to line 18.

17. Credit amount from *MEDC Annual Tax Credit Certificate* (attach). Cannot exceed \$2,000,000

FARMLAND PRESERVATION CREDIT. If not claiming this credit, skip to line 19.

18. Credit amount from Form 4594, line 30

ANCHOR COMPANY TAXABLE VALUE CREDIT. If not claiming this credit, skip to line 20.

19. Credit amount from Form 4584, line 36a

ANCHOR COMPANY PAYROLL CREDIT. If not claiming this credit, skip to line 21.

20. Credit amount from Form 4584, line 44a

MEGA FEDERAL CONTRACT CREDIT. If not claiming this credit, skip to line 22.

21. Credit amount from Form 4584, line 52a

MEGA PHOTOVOLTAIC TECHNOLOGY CREDIT. If not claiming this credit, skip to line 23.

22. Credit amount from *Certificate* provided by MEDC (attach) or assigned credit amount

BROWNFIELD REDEVELOPMENT CREDIT. If not claiming this credit, skip to line 24.

23. Credit amount from Form 4584, line 70a

FILM PRODUCTION CREDIT. If not claiming this credit, skip to line 25.

24. Credit amount from *Post-Production Certificate of Completion* provided by Michigan Film Office (attach) or assigned credit amount (see instructions)

TOTAL REFUNDABLE CREDITS

25. Add lines 1, 8, 9, 12, 13, 14, 16, 17, 18, 19, 20, 21, 22, 23 and 24. Enter total here and carry to Form 4567, line 61, Form 4583, line 25, or Form 4590, line 34

25.		00
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Instructions for Form 4574

Michigan Business Tax (MBT) Refundable Credits

Purpose

To allow standard taxpayers to claim credits that decrease their tax liability and/or increase their tax refund.

NOTE: This form may also be used by financial institutions to claim a limited number of credits:

- Michigan Economic Growth Authority (MEGA) Employment Tax Credit
- Historic Preservation Credit
- Brownfield Redevelopment Credit
- Assigned MEGA Photovoltaic Technology Credit
- Assigned Film Production Credit.

Insurance companies use the *Miscellaneous Credits for Insurance Companies* (Form 4596) to claim credits for which they are eligible.

Special Instructions for Unitary Business Groups

Credits are earned and calculated on either an entity-specific or a group basis, as determined by relevant statutory provisions for the respective credits. Inter-company transactions are not eliminated for the calculation of most credits. Credits earned or calculated on either an entity-specific or group basis by Unitary Business Group (UBG) members are generally applied against the tax liability of the UBG, unless otherwise specified by statute or these instructions.

Entity-specific provisions are applied on a member-by-member basis. In none of these cases does a taxpayer that is a UBG take the entity type of its parent, Designated Member (DM), or any member of the UBG. A UBG taxpayer will not be attributed an entity type based on the composition of its members.

If any member of the UBG is eligible for an entity-specific credit, a statement must be attached to the form identifying the eligible member and any information requested for the credit. If more than one member is eligible, requested information should be provided in the statement on a per member basis. The total amount from all eligible members will be entered on each corresponding line on this form. Line-by-line instructions indicate credits requiring entity-specific information.

Line-by-Line Instructions

Lines not listed here are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) or the *MBT Simplified Return* (Form 4583) for standard taxpayers or the *MBT Annual Return for Financial Institutions* (Form 4590)).

UBGs: Complete one form for the group. Enter the DM name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

MEGA Research and Development Credit

The MEGA Research and Development Credit encourages

innovation and job creation in Michigan. For the 2008, 2009, and 2010 tax years, a qualified taxpayer that makes an eligible contribution in an eligible business may claim a credit against its MBT tax liability equal to 30 percent of the contribution, not to exceed \$300,000. If the amount of the credit exceeds the tax liability of the taxpayer for the tax year, that excess is refunded.

If within five years MEGA determines that there has not been compliance with the terms of the agreement, the taxpayer must report a recapture equal to 125 percent of the total of all MEGA Research and Development Credits for all tax years. Recapture of this credit is reported on the *MBT Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587).

For more information on this credit, contact the Michigan Economic Development Corporation (MEDC) at (517) 373-9808 or visit the MEDC Web site at michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.

Line 1: MEGA must certify the taxpayer's eligibility for the credit and the taxpayer must attach that certification to its MBT return filed with the Department of Treasury (Department). (If the certificate is not attached, the credit will be disallowed.)

UBGs: Enter the total amount of MEGA Research and Development Credits claimed by all eligible members (limited to \$300,000 for each certificate). If any member is claiming this credit, attach a statement identifying the member and providing requested information, including the certificate issued by MEGA.

Personal Property Tax Credit

The Personal Property Tax Credit is available against personal property taxes paid in the tax year on eligible personal property, eligible telephone personal property, and eligible natural gas pipeline property. The Personal Property Tax Credit is available only to the taxpayer who timely files the required statements or reports, to whom an assessment or bill is issued, and who pays the taxes in the tax year. The excess of this credit over the taxpayer's tax liability is refunded. A taxpayer that disagrees with the assessor's classification of property must pursue a change of classification through the property tax appeals process. The Department will not revise a property classification for purposes of these credits.

Line 2: *Eligible personal property* is property classified as industrial personal property under Section 34c of the General Property Tax Act (Michigan Compiled Law (MCL) 211.34c). Under MCL 211.34c, the assessor is charged with the responsibility of classifying property. The taxes must have been levied after December 31, 2007.

Line 4: *Eligible telephone personal property* is defined as personal property of a telephone company subject to the tax levied under MCL 207.1 to 207.21.

Line 5: For eligible telephone personal property levied and paid in the 2009 tax year the credit is equal to 13.5 percent of the taxes paid. For eligible telephone personal property levied in the 2008 tax year but paid in the 2009 tax year the credit is equal to 23 percent of the taxes paid. Use the following

worksheet to calculate the correct entry for line 5 if the taxpayer paid taxes in the current tax year that were levied in both 2008 and 2009. Retain this calculation in your files for future audit purposes.

WORKSHEET		
ELIGIBLE TELEPHONE PERSONAL PROPERTY		
A. Eligible telephone personal property levied in 2008		00
B. Multiply line A by 23% (0.23)		00
C. Eligible telephone personal property levied in 2009		00
D. Multiply line C by 13.5% (0.135)		00
E. Add lines B and D		00

Carry amount from line E to Form 4574, line 5.

Line 6: *Eligible natural gas pipeline property* is defined as natural gas pipelines that are classified as utility personal property under Section 34c of the General Property Tax Act and are subject to regulation under the Natural Gas Act. The taxes must have been levied after December 31, 2007.

Line 8: The taxpayer claiming a Personal Property Tax Credit must attach to the MBT return copies of property tax bills that properly identify “eligible” property and provide proof of payment of the tax in the tax year.

UBGs: Total property tax bills for all members and enter the total amount on the corresponding line. The requested tax bills and proof of payment for each member claiming the Personal Property Tax Credit should be attached to the group’s annual return.

Workers’ Disability Supplemental Benefit (WDSB) Credit

The WDSB Credit is available to self-insured taxpayers for the amount authorized by the Department of Energy, Labor and Economic Growth (DELEG) during the tax year. The amount of the credit is provided to taxpayers by DELEG.

For more information on WDSB credit eligibility, contact DELEG, Workers’ Compensation Agency at (517) 322-1879 or 1-888-396-5041 or visit the DELEG Web site at www.michigan.gov/wca.

Line 9: Attach a copy of the document provided by DELEG to the back of the return packet to substantiate the claim for this credit.

UBGs: Enter total amount authorized of all members on line 9 and attach DELEG documentation for each member.

Next Energy Payroll Credit

Next Energy Payroll Credit provides a payroll-based credit to a taxpayer located within an alternative energy Renaissance Zone. The credit is equal to the payroll amount for the tax year attributable to employees who are working on alternative energy-related research, development or manufacturing and whose regular place of employment is within the Zone, multiplied by the Michigan Individual Income Tax rate for that year. (The Michigan Individual Income Tax rate can be found at www.michigan.gov/taxes.)

UBGs: If any member of a UBG is claiming the Next Energy

Payroll Credit, attach a statement identifying the member(s) and providing information requested on the form. Enter the total payroll amount for all eligible members on line 11.

MEGA Employment Tax Credit

The MEGA Employment Tax Credit promotes economic growth and jobs in Michigan. For a period of time not to exceed 20 years, a taxpayer that is an authorized business or an eligible taxpayer may claim a credit equal to the amount certified each year by MEGA as follows:

- For an authorized business for the tax year, an amount not to exceed the payroll and health care benefits of the authorized business attributable to employees who perform qualified new jobs as determined under the MEGA Act, multiplied by the Michigan Individual Income Tax rate for that tax year.
- For an eligible business as determined under Section 8(5) (a) of the MEGA Act, an amount not to exceed 50 percent of the payroll of the authorized business attributable to employees who perform retained jobs as determined under the MEGA Act, multiplied by the Michigan Individual Income Tax rate for that tax year.
- For an eligible business as determined under Section 8(5) (b) of the MEGA Act, an amount not to exceed the payroll of the authorized business attributable to employees who perform retained jobs as determined under the MEGA Act, multiplied by Michigan Individual Income Tax rate for that tax year.
- For an authorized business as determined under Section 8(9) of the MEGA Act, an amount up to, but not to exceed, 100 percent of the sum of the payroll and health care benefits of the authorized business attributable to employees who perform retained jobs, multiplied by a fraction, the numerator of which is the amount of new capital investment made at the facility and the denominator of which is the product of the number of retained jobs multiplied by \$100,000, and then multiplied by the Michigan Individual Income Tax rate for that tax year.
- For an authorized business as determined under Section 8(11) of the MEGA Act, an amount not to exceed 100 percent of the sum of the payroll and health care benefits of the authorized business attributable to employees who perform new full-time jobs and retained jobs as determined under the MEGA Act, multiplied by the Michigan Individual Income Tax rate for that tax year.
- For an authorized business that is a qualified high-technology business, for a period not to exceed seven years, as follows:
 - An amount not to exceed 200 percent of the sum of the payroll and health care benefits of the qualified high-technology business attributable to employees who perform qualified new jobs for the first three years of the credit, multiplied by the Michigan Individual Income Tax rate and,
 - An amount not to exceed 100 percent of the sum of the payroll and health care benefits of the qualified high-technology business attributable to employees who perform qualified new jobs for the remaining tax years, multiplied by the Michigan Individual Income Tax rate for that tax year.

Tax rate is defined as the rate imposed under Section 51 of the Income Tax Act of 1967, 1967 Public Act (PA) 281, MCL 206.51, for the tax year for which the credit is being computed begins.

NOTE: MEGA may certify a credit based on an agreement entered into prior to January 1, 2008, under the Single Business Tax (SBT). The number of years for which the credit may be claimed under MBT will be equal to the maximum number of years designated in the resolution reduced by the number of years for which a credit has been claimed or could have been claimed under SBT.

NOTE: A taxpayer that claimed a credit under either SBT or MBT that had an agreement with MEGA based on qualified new jobs as defined in the MEGA Act, and that removes 51 percent or more of those qualified new jobs from Michigan within three years after the first year in which the taxpayer claimed a credit, must pay back an amount equal to the total of all credits claimed no later than 12 months after those qualified new jobs are removed from Michigan. Recapture is reported on Form 4587.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.

Line 13: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Annual Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

UBGs: Enter the total amount of MEGA Employment Tax Credits claimed by eligible members and provide the requested MEGA certification for each eligible member.

Historic Preservation Credit

The Historic Preservation Credit provides tax incentives for homeowners, commercial property owners and businesses to rehabilitate historic resources located in Michigan. Rehabilitation projects must be certified by the State Historic Preservation Office (SHPO). Questions may be directed to SHPO at (517) 373-1630. For additional information, visit the SHPO Web site at www.michigan.gov/shpo.

Line 14: Complete Form 4584 to claim this credit and elect a refund of 90 percent of the balance or carryforward of the resulting overpayment.

NASCAR Safety Credit

The credit is equal to 50 percent of the amount of necessary expenditures incurred in this state by an eligible taxpayer including any professional fees, additional police officers, and any traffic management devices, to ensure traffic and pedestrian safety while hosting the requisite motorsports events each calendar year. For the 2010 and subsequent tax years, the credit is equal to 100 percent of the necessary expenditures. If the amount of the credit allowed exceeds the tax liability of the taxpayer for the tax year, that excess is refunded.

UBGs: An eligible taxpayer that is a member of a UBG should enter the eligible expenditures of that member.

Hybrid Technology Research and Development Credit

Hybrid Technology Research and Development Credit is available for taxpayers whose tax years begin on or after January 1, 2008, and end before January 1, 2016, and who are engaged in research and development of a qualified technology. The credit is equal to 3.9 percent of the compensation as defined in the MBT Act for services performed in a qualified facility and paid to employees at the qualified facility in the tax year. The maximum credit allowed is \$2,000,000, and the excess credit over the tax liability is refunded. To be eligible for this credit, the taxpayer must have entered into an agreement with MEGA before April 1, 2007, agreeing to meet certain statutory conditions.

A taxpayer claiming this credit may also claim the Research and Development Credit on the *MBT Credits for Compensation, Investment and Research and Development* (Form 4570). However, a taxpayer may not claim both credits for the same expenditures.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.

Line 17: Eligible taxpayers receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Annual Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.) The credit amount cannot exceed \$2,000,000.

UBGs: Enter the total amount for this credit claimed by eligible members or \$2,000,000, whichever is less, and provide the requested MEGA certification for each eligible member.

Farmland Preservation Credit

Farmland Preservation Credit gives back to farmland owners a portion of the property taxes paid on farmland. Farmland owners qualify for the credit by agreeing to preserve the land as farmland and not develop for another use.

To qualify for the credit, the taxpayer must meet the following requirements:

- Taxpayer must own farmland,
- Taxpayer must have entered into a Farmland Development Rights Agreement (FDRA) with the Michigan Department of Agriculture (MDA), and
- Taxpayer must complete the *Michigan Farmland Preservation Tax Credit* (Form 4594).

If agreements with MDA were entered into on or after January 1, 1978, the gross receipts qualifications in Part 1 of Form 4594 must be satisfied.

UBGs: UBG members claiming this credit should total all amounts from Form 4594, line 30, and enter on line 18. Each eligible member should submit Form 4594, which would be calculated based upon the individual property owner's respective property tax obligation and its respective MBT Business Income Tax base.

Anchor Company Taxable Value Credit

This credit is available for a qualified taxpayer that was designated by MEGA as an anchor company within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan.

Complete the *MBT Election of Refund or Carryforward of Credits* (Form 4584) to claim this credit and elect a refund or carryforward of the resulting overpayment.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.

Anchor Company Payroll Credit

This credit is available for a qualified taxpayer that was designated by MEGA as an anchor company within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan.

Complete Form 4584 to claim this credit and elect a refund or carryforward of the resulting overpayment.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.

MEGA Federal Contract Credit

This credit is available for a qualified taxpayer or collective group of taxpayers that have been awarded a federal procurement contract from the United States Department of Defense, Department of Energy or Department of Homeland Security, resulting in a minimum of 25 new full-time jobs.

The amount of the credit is the amount up to 100 percent of the qualified taxpayer's payroll attributable to employees who perform qualified new jobs created as a result of the person or the group being awarded the contract from such agencies, as determined by MEGA, multiplied by the Michigan Individual Income Tax rate for that tax year. The credit will be for a period of up to seven years or the term of the contract with such agency, as determined by MEGA. MEGA will not execute more than ten new agreements for this credit each year.

Complete Form 4584 to claim this credit and elect a refund or carryforward of the resulting overpayment.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.

MEGA Photovoltaic Technology Credit

The MEGA Photovoltaic Technology Credit is available to a qualified taxpayer that enters into an agreement with MEGA to construct and operate a new facility in Michigan which serves to develop and manufacture photovoltaic energy, photovoltaic systems, or other photovoltaic technology. Photovoltaic energy, systems, or technology rely on solar power. The credit is available for 25 percent of the taxpayer's capital investment in the new facility during the tax year.

The credit generally must be taken in equal installments over a two-year period beginning in the tax year in which the certificate is issued. A taxpayer may make an irrevocable assignment of all or a portion of the credit or may convey the right to the assignment on a form provided by MEGA, which will then issue assignment certificates to the assignee(s).

A taxpayer or assignee that claims a credit and subsequently fails to meet the requirements of the act or any other conditions

established by MEGA in the agreement may, as determined by MEGA, have its credit reduced or terminated or have a percentage of the credit previously claimed added back to the tax liability of the taxpayer in the tax year that the taxpayer or assignee fails to comply. Recapture is reported on Form 4587.

A taxpayer certified to take the polycrystalline silicon credit under MCL 208.1432 is disqualified from taking this credit.

Line 22: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Annual Tax Credit Certificate to the return. A taxpayer claiming an assigned MEGA Photovoltaic Technology Credit must attach the assignment certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Brownfield Redevelopment Credit

The Brownfield Redevelopment Credit encourages businesses to make investment on eligible Michigan property that was used or is currently used for commercial, industrial, public, or residential purposes and is either a facility (environmentally contaminated property), functionally obsolete or blighted.

Prior to April 8, 2008, the credit amount and any unused carryforward of the credit that exceeded the tax liability for the tax year was not refunded, but could be carried forward to offset tax liability in subsequent tax years for ten years or until used up, whichever occurs first. Beginning on and after April 8, 2008, if this credit for the tax year exceeds the qualified taxpayer's tax liability for that tax year, the qualified taxpayer can elect to have the excess refunded at the rate of 85 percent of the excess for the tax year and forgo the remaining 15 percent of the credit and any carryforward.

Complete Form 4584 to claim this credit and elect a refund or carryforward of the resulting overpayment.

The administration of the Brownfield Redevelopment Credit program is assigned to MEGA. For more information on the approval process, contact MEDC at (517) 373-9808.

Film Production Credit

The Michigan Film Office, with the concurrence of the State Treasurer may enter into an agreement with an eligible production company providing the company with a refundable credit against MBT tax liability or against taxes withheld under Chapter 7 of the Michigan Individual Income Tax Act.

To qualify for the credit, an eligible production company must spend at least \$50,000 in Michigan for the development, preproduction, production, or postproduction costs of a State-certified qualified production and must not be delinquent in a tax or other obligation owed to Michigan nor be owned or under common control of an entity that is delinquent.

The credit is equal to:

- 42 percent of direct production expenditures for a State-certified qualified production in a core community in Michigan,
- 40 percent of direct production expenditures for a State-certified qualified production in part of Michigan other than a core community, and
- 30 percent for qualified personnel expenditures.

Work on the qualified production must commence in Michigan within 90 days of agreement date. Direct production expenditures and qualified personnel expenditures incurred prior to approval of an agreement are not eligible for the credit.

For purposes of this credit, a taxpayer may not include any expenditure claimed as a Film Job Training Credit or for which a credit under Section 367 of the Michigan Individual Income Tax Act was claimed by it or another taxpayer.

Upon completion, a taxpayer with an agreement must submit to the Film Office a request for a post-production certification, including a report of direct production expenditures and qualified personnel expenditures for the qualified production audited and certified by an independent certified public accountant. A Post-Production Certificate will be issued verifying the amount of the credit to be claimed once the Film Office is satisfied that expenditure and eligibility requirements are met.

The credit may be assigned in the tax year in which the Post-Production Certificate is issued but such assignment is irrevocable.

For more information, contact the Michigan Film Office at 1-800-477-3456 or visit the Web site at **www.michiganfilmoffice.org**.

Line 24: A taxpayer claiming a Film Production Credit must attach the Post-Production Certificate to the return. A taxpayer claiming an assigned Film Production Credit must attach to the return an *MBT Film Credit Assignment* (Form 4589) approved by the Department. (If the certificate or approved assignment form is not attached, the credit will be disallowed.)

UBGs: Enter the total amount for this credit claimed by all eligible members and provide the requested post-production certification or Form 4589 for each eligible member.

Include completed Form 4574 as part of the tax return filing.

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2009 MICHIGAN Business Tax Loss Adjustment Worksheet for the Small Business Alternative Credit

Issued under authority of Public Act 36 of 2007.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN) or TR Number
Unitary Business Groups Only: Name of Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN) or TR Number

INSTRUCTIONS: Use this worksheet to qualify for an otherwise disallowed Small Business Alternative Credit by adjusting current year adjusted business income. This is available only if a taxpayer had a negative adjusted business income in any of the five tax years immediately preceding this tax year and received a Small Business Credit or Small Business Alternative Credit in the loss year. Partnerships and members of unitary groups, see instructions. Each Unitary Business Group member with a disqualifier must complete this form.

*** Note:** If compensation exceeds \$180,000 for any C Corporation shareholder or officer, a Small Business Alternative Credit cannot be claimed nor can a loss adjustment be used to reduce compensation from Form 4577, column L.

PART 1: CURRENT YEAR AMOUNTS

Use this section to determine amount of loss adjustment to business income needed to qualify for the Small Business Alternative Credit.

Business Income Disqualifier: \$1,329,900 (\$180,000 for individuals)

1. Adjusted Business Income from Form 4571, line 8.....	1.		00
2. Business Income Disqualifier	2.		00
3. Loss adjustment required. Subtract line 2 from line 1. If less than zero, enter zero.....	3.		00

Shareholder Income Disqualifier: \$180,000

4. Enter the amount from Form 4571, line 5.....	4.		00
5. Shareholder Income Disqualifier	5.		00
6. Enter compensation and director fees from Form 4577, column L, of the shareholder creating the disqualifier or reduction*	6.		00
7. Subtract line 6 from line 5. If less than zero, enter as a negative number.....	7.		00
8. Divide line 7 by the percent of ownership from Form 4577, column G, for the shareholder on line 6.....	8.		00
9. Loss adjustment required. Subtract line 8 from line 4	9.		00

PART 2: AVAILABLE LOSS

Read instructions before completing Part 2. Use Part 2 to determine the loss available from the five preceding periods. Do not enter a negative sign in front of the loss amount.

Complete lines 10 through 16 one column at a time. Complete only columns for periods that reported a loss AND received a Small Business Credit or Small Business Alternative Credit.

10. Tax year end date (MM-DD-YYYY)				
11. Adjusted business income.....				
12. Loss used on prior returns.....				
13. Loss available for current return.				
14. Loss adjustment required				
15. Remaining loss adjustment required				
16. Loss adjustment carryforward				

Instructions for Form 4575, Michigan Business Tax (MBT) Loss Adjustment Worksheet for the Small Business Alternative Credit

Purpose

To reduce the adjusted business income or shareholder income to qualify for the Small Business Alternative Credit or minimize the reduction percentage required.

If the adjusted business income was less than zero in any of the five years immediately preceding the tax year for which a credit is being claimed, and the taxpayer received a Small Business Credit under the Single Business Tax (SBT) or Small Business Alternative Credit under MBT for that same year, the taxpayer may adjust for the loss before figuring eligibility for the Small Business Alternative Credit. Business income for credit purposes is adjusted by using available loss from prior years on a first-in, first-out basis until those losses are extinguished. A loss adjustment will not affect a reduction to the Small Business Alternative Credit based on gross receipts that exceed \$19,000,000. Also, it will not change the amount of compensation in column L for a C Corporation on the *MBT Schedule of Shareholders and Officers* (Form 4577).

NOTE: Instructions for Unitary Business Groups (UBGs) have changed substantially from the previous year. Please read “Special Instructions for UBGs” carefully.

Special Instructions for UBGs

The adjusted business income (ABI) threshold must be calculated by the UBG by combining the adjusted business incomes of its members. Likewise, to reduce an ABI disqualifier of the UBG, loss adjustment must be calculated on a group level and used against the group’s ABI. Loss used at the group level is not accounted for on the member level.

Disqualifiers based on shareholder or partner allocated income must be determined on a member by member basis. If any shareholder or partner has allocated income in excess of \$180,000, the loss adjustment must be calculated on a member by member basis for any and all members for which it may apply. Loss used at a member level does not reduce the group’s available loss.

NOTE: Members with available loss adjustment must complete a copy of Form 4575 using member data, referred to here as a member copy or member form. The combined UBG member data is displayed on a separate Form 4575 identified as “Group Copy for ABI.” Details regarding the forms are addressed further in these instructions.

NOTE: The usage of loss adjustment for one disqualifier does not affect the available loss adjustment for the other disqualifier. This form will accommodate the separate maintenance of loss adjustment available for the UBG for both the ABI (Group Copy for ABI) and allocated income (separate member copy) disqualifiers as long as no member leaves the UBG prior to using up all of its separately calculated loss adjustment available for the group’s ABI disqualifier. See the “Supplemental Instructions for Standard Members in UBG’s” on page 141 for details.

If one or more members exceed the shareholder income

threshold, only those members with shareholder income disqualifiers must file a Form 4575, using member-only (pro forma) figures in lines 4 through 16 on each member form.

If the UBG’s adjusted business income exceeds the threshold, one Form 4575 must be filed to determine the UBG’s business income loss adjustment, which will be calculated on a group basis (the Group Copy for ABI, detailed below). For years in which a member was not part of the UBG, the UBG will use that member’s available loss from those separate years on a first-in, first-out basis until those losses are extinguished. These amounts are calculated initially at the member level but used and maintained for use in future years on the Group Copy for ABI. Supporting 4575 forms must be filed by each member who has a loss available from the separate years that is used against the UBG’s ABI disqualifier (member forms). For members who do not exceed the credit’s shareholder income threshold, only Part 2, lines 10 through 13, of Form 4575 need to be completed on the member form. For members who also exceed the credit’s shareholder income threshold, lines 4 through 16 of the member form must be completed. Member forms must be completed using member-only figures.

Shareholder Income Disqualifier

Any member whose shareholder income creates a partial or complete disqualification, and that has loss available to resolve that disqualification in whole or in part, must file Form 4575. Leave lines 1 through 3 blank. Complete line 4 (using a pro forma figure) and lines 5 through 16, all with data for the reporting member only. For years that the member was part of the UBG, pro forma figures will be entered in lines 11 through 13; however, the member cannot complete these lines for a tax year that it was part of the UBG and the UBG did not receive the Small Business Alternative Credit. The member may complete these lines for a tax year that it was NOT a member of the UBG and it received the Small Business Credit or Small Business Alternative Credit, regardless of whether the UBG received the credit in that same year. Lines 14 through 16 on the member’s Form 4575 will reflect the usage of loss adjustment to resolve the allocated income disqualifier only. The use of loss adjustment to resolve the ABI disqualifier will be maintained on the Group Copy for ABI.

NOTE: If any member still has a total disqualification on this basis (greater than \$180,000) after completing its own Form 4575 as described above, the UBG is disqualified from the Small Business Alternative Credit. Do not proceed with these instructions. However, if each member’s shareholder income disqualification is fully resolved or reduced to a partial disqualification by this method, continue below to compute the groupwide adjusted business income loss adjustment required.

Adjusted Business Income Disqualifier

This disqualifier is calculated at the group level. If the UBG has adjusted business income in excess of \$1,329,900, then the UBG must complete one group Form 4575. The groupwide Form 4575 will calculate loss available from the UBG’s prior tax years as

well as organize the members' available loss that may be used against this disqualifier. These member amounts are calculated initially at the member level but used and maintained for use in future years on the Group Copy for ABI.

In the Taxpayer Name field at the top of the page, enter the Designated Member's (DM's) name followed by the DM's Federal Employer Identification Number (FEIN) or Michigan Department of Treasury (TR) assigned number. In the Unitary Business Groups Only field, enter "GROUP COPY FOR ABI," and leave FEIN or TR Number field blank. On this group copy of Form 4575, enter groupwide data for lines 1 through 3. Leave lines 4 through 9 blank. Complete lines 10 through 16 following line-specific instructions.

To reduce the UBG's ABI disqualifier, the group will use its available loss from a prior tax period when the UBG received the Small Business Alternative Credit, as well as a member's available loss from a tax year when it received the Small Business Credit or Small Business Alternative Credit and was not part of the UBG (member's separate year). However, the group may not use a member's separately calculated available loss for a tax year when the member was part of the UBG to reduce the group's ABI disqualifier.

To reduce the UBG's ABI disqualifier, available loss is used on a first-in, first-out basis until those losses are extinguished. For the purposes of completing Part 2, if a member's separate year end does not share a common year end with the UBG, use a separate column for that member. If members' separate years share a common year end, total the amount of the members' available loss in a single column. Arrange all of the columns in chronological order. If additional columns are needed to accommodate the five preceding periods, create and attach a table comparable to that found in lines 10 through 16. Apply to that custom table the calculations described in the form text and instructions for lines 10 through 16.

Lines 14 through 16 on the Group Copy for ABI will reflect the usage of loss adjustment to resolve the ABI disqualifier and the maintenance of loss adjustment available for future years (within the five year statutory period). Loss adjustment used for the ABI disqualifier is not recorded on the member copy of Form 4575. However, loss adjustment used for the ABI disqualifier from a member's separately filed years should be tracked in the taxpayer's records. Any ABI loss adjustment remaining from a member's separately filed years will be available to that member in the event the member leaves the UBG prior to complete usage of the loss adjustment available by the UBG. See the "Supplemental Instructions for Standard Members in UBG's" on page 141 for details.

NOTE: If the UBG still has a total disqualification on this basis (greater than \$1,329,900) after completing the group's Form 4575 as described above, the UBG is disqualified from the Small Business Alternative Credit. Do not proceed with these instructions.

Line-by-Line Instructions

Lines not listed are explained on the form.

Dates must be entered in MM-DD-YYYY format.

Name and Account Number: Enter name and account number as reported on page 1 of the *MBT Annual Return* (Form 4567).

UBGs: Complete one form for each member for whom this schedule applies. Enter the DM's name in the Taxpayer Name field and the member to whom the schedule applies on the line below. For the form that determines the UBG's adjusted business income loss adjustment, enter the DM's name and FEIN in the first identification line, and "GROUP COPY FOR ABI" and no FEIN in the second identification line.

Part 1: Current Year Amounts

Use Part 1 to determine the amount of loss adjustment necessary to qualify for the Small Business Alternative Credit.

If the taxpayer is not eligible for the credit because the adjusted business income exceeds \$1,329,900 (\$180,000 for individuals), complete lines 1 through 3.

If the taxpayer is not eligible because a shareholder's allocated income exceeds \$180,000, or a partner's distributive income exceeds \$180,000, complete lines 4 through 9 for the shareholder(s) or partner(s) creating the disqualifier. The loss adjustment required is the largest amount needed to eliminate all allocated income disqualifiers.

Partnerships: Form 4575 is formatted for Corporations. To use it for a Partnership, make these changes:

Enter on line 6 any guaranteed payments made to the partner creating a \$180,000 disqualifier.

On line 8, divide by the percentage of ownership from column C of the MBT Schedule of Partners (Form 4578).

NOTE: A member of a Limited Liability Company (LLC) is characterized for MBT purposes as a partner, shareholder or owner, based on the federal characterization of the LLC. An LLC taxed as a Partnership for federal purposes must file as a Partnership for MBT. Similarly, an LLC taxed as a C Corporation or S Corporation for federal purposes must file under that same status for MBT.

Reduced Small Business Alternative Credit: A reduction of the Small Business Alternative Credit is required if an Individual, a partner in a Partnership, a shareholder of a Corporation, or an officer of a C Corporation has allocated income after loss adjustment of more than \$160,000. This reduction is based on the Individual/partner/officer/shareholder with the largest allocated income.

Complete lines 4 through 9 for the shareholder or partner creating the need to reduce the Small Business Alternative Credit.

Form 4575 should always be calculated initially using \$160,000 on line 5. This calculation will establish taxpayer eligibility without the need to reduce the Small Business Alternative Credit. However, if the total loss available for the current year on line 13 does not equal or exceed the loss adjustment required on line 9, the taxpayer may still calculate a lesser loss adjustment to claim a reduced credit.

Try the calculation more than once. Substitute the numbers shown on the chart below on line 5, in order to maximize the claimed Small Business Alternative Credit:

Line 5	Eligible % of Credit
\$ 160,000	100% - no reduction
\$ 160,001 - \$164,999	80%
\$165,000 - \$169,999	60%
\$170,000 - \$174,999	40%
\$175,000 - \$180,000	20%

Tax Year Less Than 12 Months: Business income and shareholder disqualifiers must be calculated on an annualized basis. Enter annualized numbers on lines 1, 4, and 6. See page 14 for further details.

Line 4: Enter the amount from the *MBT Common Credits for Small Businesses* (Form 4571), line 5.

UBGs: When calculating the amount of loss adjustment needed to reduce a member's shareholder income disqualifier, the member should calculate a pro forma Form 4571 for the purpose of completing this line.

Part 2: Available Loss

Use Part 2 to determine the loss available from the five preceding periods. Do not enter a negative sign in front of the loss amount.

Complete lines 10 through 16 one column at a time. Complete only columns for periods that reported a loss AND received a Small Business Credit or Small Business Alternative Credit.

Line 10: Enter each tax year end date for periods where loss occurred. Begin with the earliest year in the left column.

Line 11: Enter the negative adjusted business income from Form 4571, line 8, for tax years where a Small Business Alternative Credit was received. For SBT tax years, enter the adjusted business income from the *SBT Credit for Small Businesses and Contribution Credits* (Form C-8000C), line 9, for each tax year that reported a loss AND received a Small Business Credit.

UBGs: When completing a member's form, this line is calculated using member specific (pro forma) data. Note, however, the member cannot enter an adjusted business income amount for a tax year that it was part of the UBG and the UBG did not receive the Small Business Alternative Credit. The member may, however, enter an adjusted business income amount for a tax year that it was NOT a member of the UBG and it received the Small Business Credit or Small Business Alternative Credit, regardless of whether the UBG received the credit in that same year.

When completing the Group Copy for ABI, enter the sum of the following: 1) UBG's negative adjusted business income for tax years it received the Small Business Alternative credit, plus, 2) a member's negative adjusted business income for a tax year when it received the Small Business Credit or Small Business Alternative Credit and was NOT part of the UBG. These member amounts are calculated initially at the member level but used and maintained for use in future years on the Group Copy for ABI.

Line 12: Enter the amount of loss entered on line 11 that was used as an adjustment in a prior period (including loss adjustment used in SBT periods).

UBGs: When completing the Group Copy for ABI, if a member's negative adjusted business income was included on Line 11 (the member received a credit and was not part of the UBG in the tax year the credit was received), include any loss adjustment used by that member in a prior period to offset an ABI disqualifier (including loss adjustment used in SBT periods). Also enter any groupwide loss used against the UBG's ABI disqualifier in a prior period.

Line 13: Subtract line 12 from line 11 to arrive at loss available on the current return. If less than zero, enter zero; no loss is available.

UBGs: On the Group Copy for ABI, if the group's membership has not changed, that is, no member has joined or left the group since the filing of the prior year's return, the amounts calculated on line 13 should equal the amounts on line 16 of the prior year's corresponding columns. If membership for this year is different, these amounts may not be the same. See the "Supplemental Instructions for Standard Members in UBG's" on page 141 for details.

Line 14: Enter the amount from line 3 or line 9, whichever is larger, in the first column where a loss is available on line 13. In subsequent columns, enter amount from line 15 of the previous applicable column.

UBGs: When completing a member's form for the purpose of reducing the shareholder income disqualifier, enter the amount from line 9.

When completing the Group Copy for ABI, enter the amount from line 3.

Line 15: If line 14 is larger than line 13, subtract line 13 from line 14. Enter here and on line 14 of the next column where a loss is available on line 13.

Line 16: If line 13 is larger than line 14, subtract line 14 from line 13. This amount is available to use in subsequent periods.

NOTE: To benefit from a loss adjustment, the total loss available for the current year, line 13, must equal or exceed the loss adjustment required on line 14.

Include completed Form 4575 as part of the tax return filing.

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Issued under authority of Public Act 36 of 2007.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN) or TR Number
Unitary Business Groups Only: Name of Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN) or TR Number

1. A	B	C	D	E		F		G	
Member Number	Name of shareholder (including corporation, trust, or partnership), officer, or family member receiving compensation from the business (Last, First, Middle)	FEIN or Social Security number of shareholder or officer	Check (X) if an officer	% Stock directly owned	%	% Stock with attribution (See instructions.)	%	% Stock from Col. F less any attribution between two active shareholders	%
					%		%		%
					%		%		%
					%		%		%
					%		%		%
					%		%		%
					%		%		%
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					%		%		%
					%		%		%
					%		%		%
					%		%		%
					%		%		%
					%		%		%
Percent of stock (not listed above) owned by shareholders who own less than 10% and receive no compensation:					%				
Total:				100	%				

[illegible]

+ 0000 2009 47 01 27 4

FEIN or TR Number

UBG Member FEIN or TR Number

PART 2: LIST OF FAMILY MEMBERS AND THEIR CORRESPONDING RELATIONSHIP TYPE

Using the same Member Number references from Part 1, indicate your attributable family relationship (if any) to each shareholder. (An attributable family relationship is defined as either a spouse, parent, child or grandchild.)

- If an attributable family relationship exists, designate in columns P through S
- If no attributable family relationship exists, check box in column T.

2. O	P	Q	R	S	T
Member Number	Spouse	Parent	Child	Grandchild	Check (X) if No Attributable Relationship

PART 3: SMALL BUSINESS ALTERNATIVE CREDIT. See instructions for definition of active shareholder.

3. Compensation and director fees of active shareholders. Add amounts in column L for each active shareholder. Enter here and on Form 4571, line 6, or 4583, line 12

4. Compensation and director fees of officers. Add amounts in column L for each officer who is not an active shareholder. Enter here and on Form 4571, line 7, or 4583, line 13.....

3.

4.

00

00

Instructions for Form 4577

Michigan Business Tax (MBT) Schedule of Shareholders and Officers

For all Corporations claiming the Small Business Alternative and Start-Up Business Credits

Purpose

To determine eligibility for all Corporations to qualify for the Small Business Alternative Credit. *Corporation* means a taxpayer that is required or has elected to file as a Corporation under the Internal Revenue Code (IRC).

If filing as a Corporation (including Limited Liability Companies federally taxed as such) and claiming a Small Business Alternative Credit, complete this form and attach it to the annual return to report:

- Shareholder and C Corporation officer qualifications for the Small Business Alternative Credit;
- Compensation and director fees of active shareholders and all C Corporation officers for the computation of the Small Business Alternative Credit.

This form also is required to be completed and attached whenever a corporation claims a Start-Up Business Credit. To qualify for the Start-Up Business Credit, the compensation, directors' fees, or distributive shares paid by the taxpayer to a shareholder of a C Corporation or S Corporation, or an officer of a C Corporation, cannot exceed \$135,000.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the *MBT Annual Return* (Form 4567) or the *MBT Simplified Return* (Form 4583).

Unitary Business Groups (UBGs): Complete one form for each member for whom this schedule applies. Enter the Designated Member name in the Taxpayer Name field and the member to whom the schedule applies on the line below.

PART 1: SHAREHOLDERS AND OFFICERS

Line 1 (Columns A through N): In column 1A, assign numbers (beginning with 1) to all shareholders and officers in order of percentage of stock ownership (percentage in column G), highest percentage first. (Repeat this numbering in Part 1, line 1H, and Part 2, line 2O. It is essential that this numbering system is followed.) All family members, as defined by IRC § 318(a)(1), that receive compensation from the business are considered shareholders and must be listed in Part 1. List and describe all shareholders and officers who:

- Are employees of the Corporation;
- Are directors of the Corporation; or
- Own 10 percent or more of the stock of the Corporation, including those by attribution.

Shareholder means a person who owns outstanding stock in the Corporation. An Individual is considered as owning the stock owned, directly or indirectly, by or for family members as defined by IRC § 318(a)(1). An officer of a C Corporation includes the chairperson of the board, president, vice president,

secretary and treasurer, or persons performing similar duties.

Outstanding stock means all stock of record, regardless of class, value, or voting rights, but outstanding stock does not include treasury stock.

If more lines are needed for listing the shareholders and officers, attach additional forms and complete the name and account number for each form, and lines 1 and 2 as necessary.

NOTE: Rules of attribution in IRC § 318(a)(1) do not differentiate between an adult and a minor child.

Columns B and C: Identify each shareholder (including Corporations, Trusts or Partnerships) and officer by name and Social Security number. Corporations, Trusts and Partnerships should be identified using the Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number.

Column E: Enter the percentage of outstanding stock each officer or shareholder actually owns. If a shareholder owned stock for a period less than the Corporation's tax year, multiply that shareholder's percentage of ownership by the number of months owned and divide the result by the number of months in the Corporation's tax year.

Taxpayers must account for 100 percent of the stock. If it is not accounted for, processing of the return may be delayed.

Column F: Enter the percentage of outstanding stock each shareholder owns, including attribution of ownership from family members under IRC § 318(a)(1). If no attribution exists, enter the percentage from column E in column G and leave column F blank.

Column G: Enter the percentage of outstanding stock each shareholder owns, including attribution of ownership only from, or to, family members who are not active shareholders. See definition of active shareholders in the Part 3 instructions. For the purposes of determining disqualification for the Small Business Alternative Credit, an active shareholder's share of business income is not attributed to another active shareholder.

EXAMPLE: In this case, the husband and daughter are active shareholders because compensation, directors fees or dividends from the business are greater than \$10,000. The wife and son are not active because compensation, directors fees or dividends from the business are less than \$10,000.

Stock Percentage			
	Column E	Column F	Column G
Husband (active)	40%	100% (all shareholders)	70% (husband/wife/son)
Wife (inactive)	10%	100% (all shareholders)	100% (all shareholders)
Son (inactive)	20%	70% (husband/ wife/son)	70% (husband/wife/son)
Daughter (active)	30%	80% (husband/ wife/daughter)	40% (wife/daughter)

Column I: Enter total dividends received by each shareholder during the tax year from this business (used to determine active shareholders). This includes regular distributions for an S Corporation.

Column J: Enter salaries, wages and director fees that are attributable to each shareholder or officer. Compensation paid by a professional employer organization to the officers of a client and to employees of the professional employer organization who are assigned or leased to and perform services for a client must be included in determining the eligibility of the client for this credit.

NOTE: All compensation must be included, whether the shareholder or officer worked in Michigan or not.

Column K: Enter employee insurance payments and pensions that are attributable to each shareholder or officer.

Column M: Multiply the percentage in column G by line 5 on the *MBT Common Credits for Small Businesses* (Form 4571) OR the sum of lines 10 and 11 on Form 4583.

UBGs: Multiply the percentage in column G by the sum of the *MBT Unitary Business Group Combined Filing Schedule* (Form 4580), Part 2A, lines 29 and 33, plus capital loss from the federal return.

PART 2: LIST OF FAMILY MEMBERS AND THEIR CORRESPONDING RELATIONSHIP TYPE

Columns P through S represent relationships affected by attribution.

For each shareholder listed in Part 1, column A, enter the corresponding number of the shareholder's spouse, parent, child or grandchild, if any, listed in Part 1, column A.

If more than one number is entered in boxes P through S, separate numbers with a dash. For example, if a family member has three children, each child's member number should appear in the "Child" column with dashes separating them ("2-3-4").

Do not use a dash to imply included numbers (such as "5-8" meaning "5 through 8"), but instead include each member number ("5-6-7-8"). Do not use commas.

EXAMPLE (SEE BELOW): Kathy Rock's (6) parents (4 and 5) work for the company. Kathy will list "4-5" in column Q.

NOTE: If the space provided in the line 2 columns is not adequate to list all of the corresponding relationships, attach a separate sheet of paper with the member number from column O, the corresponding relationship, and the number of the member(s) with that relationship.

Column T: Check column T for each shareholder listed only if columns P through S are blank (no attributable relationship exists).

PART 3: Small Business Alternative Credit

Line 3: Add compensation and director fees in column L for each active shareholder and enter the result on line 3 and on Form 4571, line 6, or Form 4583, line 12.

An active shareholder:

ATTRIBUTION EXAMPLE:

Larry David Stone	Husband of Betty Stone, Father of Mary Stone, Stepfather of Tammie Rock, Step Grandfather of Kathy Rock
Betty Ann Stone	Daughter of Bob Pebble, Wife of Larry Stone, Mother of Tammie Rock, Stepmother of Mary Stone, Grandmother of Kathy Rock
Mary Elizabeth Stone	Daughter of Larry Stone, Stepdaughter of Betty Stone
Tammie Marie Rock	Daughter of Betty Stone, Stepdaughter of Larry Stone, Spouse of Steve Rock, Mother of Kathy Rock, Granddaughter of Bob Pebble
Steve Carl Rock	Spouse of Tammie Rock, Father of Kathy Rock, Brother of Mike Rock
Kathy Evelyn Rock	Daughter of Tammie and Steve Rock, Granddaughter of Betty Stone, Step Granddaughter of Larry Stone
Mike Joseph Rock	Brother of Steve Rock
Bob Kenneth Pebble	Father of Betty Stone, Grandfather of Tammie Rock
Terry Robert Marble	Friend

Part 1: Shareholders and officers - See instructions

1. A Member Number	B Name of shareholder (including corporation, trust or partnership), officer, or family member receiving compensation from the business (Last, First, Middle)
1	Stone, Larry David
2	Stone, Betty Ann
3	Stone, Mary Elizabeth
4	Rock, Tammie Marie
5	Rock, Steve Carl
6	Rock, Kathy Evelyn
7	Rock, Mike Joseph
8	Pebble, Bob Kenneth
9	Marble, Terry Robert

Part 2: List of family members and their corresponding relationships

2. O Member Number	P Spouse	Q Parent	R Child	S Grandchild	T Check (X) if No Attributable Relationship
1	2		3		
2	1	8	4	6	
3		1			
4	5	2	6		
5	4		6		
6		4-5			
7					X
8			2	4	
9					X

- Is a shareholder of the Corporation, including through attribution, AND
- Owns at least 5 percent of outstanding stock, including through attribution (column E or F = 5 percent or more), AND
- Receives at least \$10,000 in compensation, director fees or dividends from the business (sum of columns I and L = \$10,000 or more). **Important:** For short-period returns or a part-year shareholder, the shareholder's compensation, director fees and dividends must be annualized to meet this requirement. See page 14 for complete annualization instructions.

Line 4: Add the compensation and director fees in column L for each officer who is not an active shareholder and enter the result on line 4 and on Form 4571, line 7, or Form 4583, line 13.

REMINDER: Active shareholders of an S Corporation are included in the line 3 calculation, even if the shareholder is also an officer. Shareholders of an S Corporation are not included in the line 4 calculation, whether or not the shareholder is also an officer.

Include completed Form 4577 as part of the tax return filing.

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2009 MICHIGAN Business Tax Schedule of Partners

Issued under authority of Public Act 36 of 2007.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN) or TR Number
Unitary Business Groups Only: Name of Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN) or TR Number

PARTNER IDENTIFICATION

1.	A Name (Last, First, Initial)	B FEIN, TR Number or Social Security Number of Partner	C % Owned	D Share of Business Income*
a			%	00
b			%	00
c			%	00
d			%	00
e			%	00
f			%	00
g			%	00
h			%	00
i			%	00
j			%	00
k			%	00
l			%	00
m			%	00
n			%	00
o			%	00
p			%	00
q			%	00

2. **Total of Column C** (% Owned). Cannot exceed 100%..... 2.

	%
	00

3. **Total of Column D** (Share of Business Income). Cannot exceed the partnership's business income. 3.

*If any partner has a share of business income in column D of over \$180,000 after loss adjustment, the partnership is not eligible for the Small Business Alternative Credit.

* If any partner has a share of business income in column D of over \$135,000, the Partnership is not eligible for the Start-Up Business Credit.

If more space is needed, submit additional forms 4578. Identify taxpayer and complete Partner Identification on each additional form.
(See instructions.)

Instructions for Form 4578

Michigan Business Tax (MBT) Schedule of Partners

For all Partnerships claiming the Small Business Alternative Credit

Purpose

For all Partnerships to determine eligibility for the Partnership's Small Business Alternative Credit.

Partnership means a taxpayer that is required to, or has elected to, file as a Partnership for federal income tax purposes.

NOTE: A member of a Limited Liability Company (LLC) is characterized for MBT purposes as a partner if the LLC is taxed as a Partnership for federal purposes.

This form also is required to be completed and attached whenever a Partnership claims a Start-Up Business Credit. To qualify for the Start-Up Business Credit, distributive shares paid by the taxpayer to a partner in a Partnership cannot exceed \$135,000.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the *MBT Annual Return* (Form 4567) or the *MBT Simplified Return* (Form 4583).

If more lines are needed for listing the partners, attach additional forms and complete the name, account number, and line 1 for each form.

Unitary Business Groups: Complete one form for each member for whom this schedule applies. Enter the Designated Member name in the Taxpayer Name field and the member to whom the schedule applies on the line below.

Line 1: Partner Identification

- **Columns A and B:** Identify each partner (including Corporation, Partnership, and Trust) by name and Social Security number. Corporations, Partnerships, or Trusts should be identified using a Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number.
- **Column C:** Enter the percentage of profits or capital interest of this Partnership owned by each partner. If a partner owned this interest for a period less than the Partnership's tax year, multiply that partner's percentage of ownership by the number of months owned and divide the result by the number of months in this Partnership's tax year.
- **Column D:** Enter each partner's distributive share of income, losses, and deductions from U.S. Form 1065, *Schedule K-1*. Use the *Business Income Worksheet* (Worksheet 4746) on page 149 to calculate partnership business income. Attach Worksheet 4746 to the filing. Each partner's distributed share includes guaranteed payments to partners. If any partner has a share of business income in column D of over \$180,000 after loss adjustment, the Partnership is not eligible for the Small Business Alternative Credit. If any partner has a share of business income in Column D of over \$135,000, the Partnership is not eligible for the Start-Up Business Credit.

IMPORTANT: For short-period returns or part-year partners, the partner's share of business income must be annualized to meet these requirements. See page 14 for complete annualization instructions.

Line 2: If multiple pages of Form 4578 are included for one taxpayer, bring the total of all line 1C entries to the main Form 4578.

Line 3: If multiple pages of Form 4578 are included for one taxpayer, bring the total of all line 1D entries to the main Form 4578.

Include completed Form 4578 as part of the tax return filing.

Issued under authority of Public Act 36 of 2007.

IMPORTANT: Read the instructions before completing this form.

Designated Member Name	Federal Employer Identification Number (FEIN) or TR Number
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List the UBG members included on this combined return, beginning with the Designated Member. Include all UBG members (with or without nexus), except those excluded in Part 3. If more than one page is needed, repeat the DM's name and FEIN or TR Number in the field at the top of the page, but not on line 1.

[illegible]

PART 1B: MEMBER IDENTIFICATION

Complete a separate copy of Part 1B for each member listed in Part 1A.

2. Member Name			5. Organization Type <input type="checkbox"/> Individual <input type="checkbox"/> C Corporation / LLC C Corporation <input type="checkbox"/> Fiduciary <input type="checkbox"/> S Corporation / LLC S Corporation <input type="checkbox"/> Partnership / LLC Partnership		
3. Member FEIN or TR Number					
4. Member Address (Street)					
City	State	ZIP/Postal Code	10. <input type="checkbox"/> Check if Nexus with Michigan 11. <input type="checkbox"/> Check if Registered for MBT 12. <input type="checkbox"/> Check if New Member		
6. Federal Tax Period Included in Return (MM-DD-YYYY)		Beginning			Ending
7. If part-year member, enter membership dates (MM-DD-YYYY)					
8. NAICS Code	9. If discontinued, effective date				
13. Nature of business activities or operations resulting in a flow of value between members, or integration, dependence or contribution to other members					

PART 2A: MEMBER DATA FOR COMBINED RETURN OF STANDARD TAXPAYER

Enter data for the member listed in Part 1B. Enter whole dollars only.

14. Michigan sales. (If no Michigan sales enter zero)	14.	00
15. Total sales.....	15.	00

Member Modified Gross Receipts

16. Gross receipts	16.	00
17. Inventory acquired during the tax year	17.	00
18. Depreciable assets acquired during the tax year	18.	00
19. Materials and supplies not included in inventory or depreciable property	19.	00
20. Staffing company: Compensation of personnel supplied to customers.....	20.	00
21. Deduction for contractors in SIC Codes 15, 16 and 17 (see instructions).....	21.	00
SIC Code: 		
22. Film rental or royalty payments paid by a theater owner to a film distributor and/or film producer	22.	00
23. Qualified Affordable Housing Project (QAHP) buyer's deduction		
a. Gross receipts attributable to residential rentals in Michigan	23a.	00
b. Number of residential rent restricted units in Michigan owned by QAHP.....	23b.	
c. Total number of residential rental units in Michigan owned by QAHP...	23c.	
d. Divide line 23b by line 23c and enter as a percentage.....	23d.	%
e. Multiply line 23a by line 23d	23e.	00
f. Limited dividends or other distributions made to project owners.....	23f.	00
g. QAHP Deduction. Subtract line 23f from line 23e	23g.	00
24. Payments made by taxpayers licensed under Article 25 or Article 26 of the Occupational Code to independent contractors licensed under Article 25 or Article 26.....	24.	00
25. Miscellaneous subtractions (see instructions)	25.	00
26. Modified gross receipts. Subtract lines 17 through 22 and 23g through 25 from line 16	26.	00
27. Enrichment prohibition for dealer of personal watercraft or new motor vehicles. Enter amount collected during tax year. If zero, enter zero and skip line 28. If greater than zero, enter number here, then see instructions for how to complete line 28	27.	00
28. Excess enrichment prohibition tax collected (see instructions)	28.	00

Designated Member FEIN or TR Number
 Member FEIN or TR Number

PART 2A: MEMBER DATA FOR COMBINED RETURN (Cont.)**Member Business Income**

29. Business income (If business activity protected under PL 86-272, complete and attach Form 4586; see instructions)	29.		00
30. Interest income and dividends derived from obligations or securities of states other than Michigan	30.		00
31. Taxes on or measured by net income.....	31.		00
32. Tax imposed under MBT.....	32.		00
33. Any carryback or carryover of a federal NOL	33.		00
34. Losses attributable to other taxable flow-through entities	34.		00
Account No. 			
35. Royalty, interest, and other expenses paid to a related person (see instructions)	35.		00
36. Miscellaneous additions (see instructions)	36.		00
37. Dividends and royalties received from persons other than U.S. persons and foreign operating entities	37.		00
38. Income attributable to other taxable flow-through entities	38.		00
Account No. 			
39. Interest income derived from U.S. obligations.....	39.		00
40. Net earnings from self-employment. If less than zero, enter zero	40.		00
41. Miscellaneous subtractions (see instructions)	41.		00
42. Business Income Tax Base. Add lines 29 through 36 and subtract lines 37 through 41	42.		00
43. Available MBT business loss from previous period MBT return (DM or new member only).....	43.		00
44. Qualified Affordable Housing Deduction. Members claiming the seller's deduction, skip lines 44a through 44h and carry the amount from Form 4579, line 5, to line 44i. Members claiming the buyer's deduction, complete lines 44a through 44i.			
a. Gross rental receipts attributable to residential units in Michigan (purchased pursuant to an operation agreement).....	44a.		00
b. Rental expenses attributable to residential rental units in Michigan ...	44b.		00
c. Taxable income attributable to residential rental units. Subtract line 44b from line 44a.....	44c.		00
d. Number of residential rent restricted units in Michigan owned by the QAHP	44d.		
e. Total residential rental units in Michigan owned by the QAHP	44e.		
f. Divide line 44d by line 44e and enter as a percentage.....	44f.		%
g. Multiply line 44c by line 44f.....	44g.		00
h. Limited dividends, other distributions made to project owners.....	44h.		00
i. Qualified Affordable Housing Deduction. Subtract line 44h from line 44g	44i.		00
45. Unused SBT Investment Tax Credit carryforward	45.		00
46. Unused SBT Historic Preservation Credit carryforward	46.		00
47. Unused SBT Low-Grade Hematite Pellet Credit carryforward	47.		00
48. Unused SBT Pharmaceutical Credit carryforward	48.		00
49. Unused SBT Created Jobs Credit carryforward	49.		00
50. Unused SBT "Old" Brownfield Credit carryforward	50.		00
51. Unused SBT "New" Brownfield Credit carryforward	51.		00
52. Unused SBT MEGA Business Activity Credit carryforward	52.		00
53. Unused MBT Basic/Enhanced Historic Preservation Credit carryforward	53.		00
54. Unused MBT Special Consideration Historic Preservation Credit carryforward	54.		00
55. Unused MBT Low-Grade Hematite Credit carryforward	55.		00
56. Unused MBT Anchor Company Taxable Value Credit carryforward	56.		00
57. Unused MBT Anchor Company Payroll Credit carryforward	57.		00
58. Unused MBT MEGA Federal Contract Credit carryforward	58.		00
59. Unused MBT Individual or Family Development Credit carryforward	59.		00
60. Unused MBT Brownfield Redevelopment Credit carryforward	60.		00
61. Unused MBT Film Job Training Credit carryforward	61.		00
62. Unused MBT Film Infrastructure Credit carryforward	62.		00
63. Overpayment credited from prior MBT return	63.		00
64. Estimated tax payments	64.		00
65. Tax paid with request for extension	65.		00

PART 2B: SUMMARY OF BUSINESS ACTIVITY FOR COMBINED RETURN

	A Combined Total Before Eliminations	B Eliminations	C Combined Total After Eliminations	D Carry to form, line
14. Michigan sales.....				4567, 11a
15. Total sales				4567, 11b
16. Gross receipts				4567, 12
17. Inventory acquired during the tax year				4567, 13
18. Depreciable assets acquired during the tax year				4567, 14
19. Materials and supplies not included in inventory or depreciable property.....				4567, 15
20. Staffing company: Compensation of personnel supplied to customers.....				4567, 16
21. Deduction for contractors in SIC Codes 15, 16 and 17 (see instructions)				4567, 17
22. Film rental or royalty payments paid by a theater owner to a film distributor and/or film producer				4567, 18
23g. QAHP Deduction				4567, 19g
24. Payments made by taxpayers licensed under Article 25 or Article 26 of the Occupational Code to independent contractors licensed under Article 25 or Article 26.....				4567, 20
25. Miscellaneous subtractions (see instructions)				4567, 21
26. Modified gross receipts (Gross receipts line minus all subtraction lines)		X X X X X X X		N/A
27. Enrichment prohibition for dealer of personal watercraft or new motor vehicles. Enter amount collected during tax year.....				N/A
28. Excess enrichment prohibition tax collected.....				See instr.
29. Business income				4567, 28
30. Interest income and dividends derived from obligations or securities of states other than Michigan		X X X X X X X		4567, 29
31. Taxes on or measured by net income.....		X X X X X X X		4567, 30
32. Tax imposed under MBT.....		X X X X X X X		4567, 31
33. Any carryback or carryover of a federal NOL		X X X X X X X		4567, 32
34. Losses attributable to other taxable flow-through entities				4567, 33
35. Royalty, interest and other expenses paid to a related person.....		X X X X X X X		4567, 34
36. Miscellaneous (see instructions).....				4567, 35
37. Dividends and royalties received from persons other than U.S. persons and foreign operating entities		X X X X X X X		4567, 38
38. Income attributable to other taxable flow-through entities				4567, 39
39. Interest income derived from U.S. obligations.....		X X X X X X X		4567, 40
40. Net earnings from self-employment. If less than zero, enter zero		X X X X X X X		4567, 41
41. Miscellaneous (see instructions)				4567, 42
42. Business Income Tax Base				4567, 44
43. Available MBT business loss from previous period MBT return(s)				4567, 46
44i. Qualified Affordable Housing Deduction				4567, 48i

PART 2B: SUMMARY OF BUSINESS ACTIVITY FOR COMBINED RETURN (CONT.)

	A Combined Total Before Eliminations	B Eliminations	C Combined Total After Eliminations	D Carry to form, line
45. Unused SBT Investment Tax Credit carryforward		X X X X X X X		4569, 2
46. Unused SBT Historical Preservation Credit carryforward.....		X X X X X X X		4569, 5
47. Unused SBT Low-Grade Hematite Pellet Credit carryforward.....		X X X X X X X		4569, 9
48. Unused SBT Pharmaceutical Credit carryforward....		X X X X X X X		4569, 12
49. Unused SBT Created Jobs Credit carryforward		X X X X X X X		4569, 15
50. Unused SBT "Old" Brownfield Credit carryforward...		X X X X X X X		4569, 18
51. Unused SBT "New" Brownfield Credit carryforward...		X X X X X X X		4569, 21
52. Unused SBT MEGA Business Activity Credit carryforward.....		X X X X X X X		4569, 28
53. Unused MBT Basic/Enhanced Historic Preservation Credit carryforward		X X X X X X X		4584, 4
54. Unused MBT Special Consideration Historic Preservation Credit carryforward.....		X X X X X X X		4584, 7
55. Unused MBT Low-Grade Hematite Credit carryforward.....		X X X X X X X		4573, 20
56. Unused MBT Anchor Company Taxable Value Credit carryforward		X X X X X X X		4584, 31
57. Unused MBT Anchor Company Payroll Credit carryforward.....		X X X X X X X		4584, 39
58. Unused MBT MEGA Federal Contract Credit carryforward.....		X X X X X X X		4584, 47
59. Unused MBT Individual or Family Development Credit carryforward		X X X X X X X		4573, 64
60. Unused MBT Brownfield Redevelopment Credit carryforward.....		X X X X X X X		4584, 57
61. Unused MBT Film Job Training Credit carryforward...		X X X X X X X		4573, 80
62. Unused MBT Film Infrastructure Credit carryforward..		X X X X X X X		4573, 86
63. Overpayment credited from prior MBT return.....		X X X X X X X		4567, 58
64. Estimated tax payments		X X X X X X X		4567, 59
65. Tax paid with request for extension		X X X X X X X		4567, 60

Check all that apply to the Unitary Business Group.

66. ☐ Group identified consists of a group of U.S. persons, one of which owns or controls, directly or indirectly, more than 50% of the ownership interests with voting or comparable rights of the others.
67. ☐ Some or all members are included on a consolidated federal income tax return. If checked, attach a copy of U.S. *Form 851*.
68. ☐ Each member of the group has business activities or operations resulting in a flow of value between the members or has business activities or operations that are integrated with, dependent upon, or contribute to each other.
69. ☐ All members of the Unitary Business Group are included in this combined unitary filing.

List every person (with or without nexus) for which the “greater than 50%” ownership test of a Michigan Unitary Business Group is satisfied, which is not included on this combined return. Using the codes below, identify in column D why each person is not included in this combined return. If any persons listed here are part of a federal consolidated group, attach a copy of U.S. Form 851.

1. Lacks business activities resulting in a flow of value or integration, dependence or contribution to group.
2. Foreign operating entity
3. Incompatible tax base
(Insurance companies always file separately; Financial institutions and "standard" taxpayers are not included on the same combined return)
4. Foreign entity
5. Member has no MBT tax year (as a member of this UBG) ending with or within this filing period.
6. Other

[illegible]

List persons included in the immediately preceding combined return of this Designated Member that are not included on this return. Do not repeat persons here that are in Part 3. See column C instructions for a list of reason codes.

[illegible]

Instructions for Form 4580

Michigan Business Tax (MBT) Unitary Business Group Combined Filing Schedule for Standard Members

Purpose

The purpose of this form is to:

- Identify all members of a Unitary Business Group (UBG)
- Gather tax return data for each standard member included in the combined return on a separate basis, make appropriate eliminations, and determine combined UBG data for the tax return.

NOTE: This is not the primary return. It is designed to support the *MBT Annual Return* (Form 4567) submitted on behalf of the UBG by the Designated Member (DM).

Refund Only: If combined apportioned or allocated gross receipts of all UBG members is less than \$350,000 and the taxpayer is filing Form 4567 to claim a refund of estimates paid, Form 4580 must also be attached. See Form 4567 for instructions on completing that form.

General Information About UBGs in MBT

Unitary Business Group means a group of United States persons, other than a foreign operating entity, that satisfies the following criteria:

- **Control Test.** One of the persons owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting rights or ownership interests that confer comparable rights to voting rights of the other persons.
- **Relationship Test.** The UBG has business activities or operations which result in a flow of value between or among persons included in the UBG or has business activities or operations that are integrated with, are dependent upon, or contribute to each other. *Flow of value* is determined by reviewing the totality of facts and circumstances of business activities and operations.

United States person, as defined in Internal Revenue Code (IRC) § 7701(a)(30), means:

- A citizen or resident of the United States,
- A domestic Partnership,
- A domestic Corporation,
- Any estate (other than a foreign estate, within the meaning of IRC § 7701(a)(31)), and
- Any Trust if:
 - A court within the United States is able to exercise primary supervision over the administration of the Trust; AND
 - One or more United States persons have the authority to control all substantial decisions of the Trust.

NOTE: The IRC defines Partnership and Corporation to include a Limited Liability Company (LLC) taxed federally as such.

A *foreign operating entity* means a United States person that satisfies each of the following:

- Would otherwise be a part of a UBG that has at least one

person included in the UBG who is taxable in Michigan.

- Has substantial operations outside the United States, the District of Columbia, any territory or possession of the United States except for the commonwealth of Puerto Rico, or a political subdivision of any of the foregoing.
- At least 80 percent of its income is active foreign business income as defined in IRC § 861(c)(1)(B).

Control Test. The control test is satisfied when one person owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting or comparable rights of the other person or persons. A person owns or controls more than 50 percent of the ownership interest with voting rights or ownership interest that confer comparable rights to voting rights of another person if that person owns or controls:

- More than 50 percent of the total combined voting power of all ownership interests with voting (or comparable) rights, or
- More than 50 percent of the total value of all ownership interests with voting (or comparable) rights.

Parent-Subsidiary Controlled Group of Entities. A parent-subsidiary controlled group of entities satisfies the control test. A *parent-subsidiary controlled group of entities* means any group of one or more chains of entities connected through ownership with a common parent if:

- The common parent directly owns more than 50 percent of the ownership interest with voting or comparable rights of at least one other entity, and
- More than 50 percent of the ownership interest with voting or comparable rights of each entity other than the common parent is owned directly by one or more of the entities.

Brother-Sister Controlled Group of Entities. A brother-sister group of entities may also satisfy the control test. An individual that is not a sole proprietor or owner of a disregarded entity or otherwise engaged in a trade or business resulting in business income or gross receipts under the MBT is not unitary with the entities in which that individual has a controlling interest. However, a brother-sister group of entities may satisfy the control test through indirect ownership rules. This is referred to as a brother-sister controlled group of entities.

Combined Controlled Group of Entities. A combined controlled group of entities satisfies the control test. A *combined controlled group of entities* means three or more entities, each of which is a member of a parent-subsidiary controlled group of entities or brother-sister controlled group of entities and one of which is a common parent entity of a parent-subsidiary controlled group of entities and also is included in a brother-sister controlled group of entities.

Excluded Ownership Interests. For purposes of determining ownership or control under the control test, the Department will apply IRC § 1563(c) to exclude certain ownership interests from determination of ownership and control, except that the Department will apply IRC § 1563(c) to all forms of ownership

interests and not just corporate stock.

Relationship Tests. *Flow of value* is established when members of the group demonstrate one or more of functional integration, centralized management, and economies of scale. Examples of functional integration include common programs or systems and shared information or property. Examples of centralized management include common management or directors, shared staff functions, and business decisions made for the UBG rather than separately by each member. Examples of economies of scale include centralized business functions and pooled benefits or insurance. Groups that commonly exhibit a flow of value include vertically or horizontally integrated businesses, conglomerates, parent companies with their wholly owned subsidiaries, and entities in the same general line of business. Flow of value must be more than the mere flow of funds arising out of passive investment.

Businesses are integrated with, are dependent upon, or contribute to each other under many of the same circumstances that establish flow of value. However, this alternate relationship test is also commonly satisfied when one entity finances the operations of another or when there exist intercompany transactions, including financing.

Filing Procedures for UBGs

By definition, a UBG can include standard taxpayers, insurance companies, and financial institutions. (Note that an entity that is standard but is owned by and unitary with a financial institution is defined by statute to be a financial institution.) In some cases, however, not all members of the UBG will be included on the same return. Standard members (not owned by and unitary with a financial institution in the UBG) file a combined return on Form 4567. Form 4580 must be filed in support of this return.

Note: A UBG may not file Form 4583.

Form 4580 is used to gather and combine data from each standard member of the UBG to support the group's Form 4567 and related forms. This form must be completed before the group's Form 4567 and related forms are completed. If this UBG also includes financial institutions and/or insurance companies, those members will not report tax data on this form, but will be listed as excluded affiliates in Part 3.

Financial institution members will combine and report their data using *MBT Unitary Business Group Combined Filing Schedule for Financial Institutions* (Form 4752) and *MBT Annual Return for Financial Institutions* (Form 4590).

Financial institutions include any of the following:

- A bank holding company, a national bank, a state chartered bank, an office of thrift supervision chartered bank or thrift institution, or a savings and loan holding company other than a diversified savings and loan holding company as defined in 12 USC 1467a(a)(1)(F).
- Any person, other than a person subject to the tax imposed under Chapter 2A of the MBT Act (Insurance Companies), that is directly or indirectly owned by an entity described above and is a member of the UBG.
- A UBG of entities described in either or both of the preceding two bullets.

Each insurance company member will file separately, using *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588). Because insurance companies always file separately, rather than on a combined return, there is no MBT insurance form that serves a function similar to that of Forms 4580 and 4752.

Example A: UBG A is composed of the following:

- Four standard members
- Three financial institutions
- Two insurance companies.

All members of UBG A are owned by and unitary with one of the standard members of the UBG. UBG A will need to file Form 4580 and Form 4567 containing the four standard members and Form 4752 and Form 4590 containing the three financial institutions. In Part 1 of each form, only the members that are included on that form (either the four standard members, or the three financial institutions) will be listed. Form 4580 with standard members will be filed under the name and Federal Employer Identification Number (FEIN) of the group's standard DM. One of the financial institutions will serve as DM for those three members and file Form 4752 and Form 4590. On Part 3 of Form 4580, list all financial and insurance members. On Part 3 of Form 4752, list all standard and insurance members. The two insurance companies each will file a stand-alone Form 4588.

Example B: UBG B is composed of the following:

- Four members that are superficially "standard" (see below)
- Three financial institutions
- Two insurance companies.

All members of UBG B are owned by and unitary with one of the financial institutions in the UBG. Due to this ownership by a financial institution, the four members that otherwise would be standard are defined by statute to be financial institutions. (See definition of financial institution earlier in these instructions.) Therefore, this UBG will not file a Form 4580 or 4567. Seven members will file a combined return on Form 4590 and 4752, listing the two insurance members as excluded affiliates on Part 3 of Form 4752. The two insurance companies each will file a stand-alone Form 4588

To complete this form and prepare a combined return, the UBG must select a DM.

For purposes of a combined return filed by standard members of a UBG, *Designated Member* means a standard member that has nexus with Michigan and that will file the combined MBT return on behalf of all standard members of the UBG. If the standard member that owns or controls the other standard members has nexus with Michigan, that controlling member must serve as DM.

If that controlling member does not have nexus with Michigan, it may appoint any standard member of the UBG with nexus to serve as DM. That DM must continue to serve as such every

year, unless it ceases to be a UBG member or the controlling member attains Michigan nexus.

If a UBG is comprised of both standard taxpayers (not owned by and unitary with a financial institution in the UBG) and financial institutions, the UBG will have two DMs (one for the standard taxpayer members completing the *MBT Annual Return* (Form 4567) and related forms, and one for the financial institution members completing the *MBT Annual Return for Financial Institutions* (Form 4590) and related forms).

Role of the Designated Member: The DM speaks, acts, and files the MBT return on behalf of the UBG for MBT purposes. Only the DM may file a valid extension request for the UBG. The Department maintains the UBG's MBT tax data (e.g., prior MBT returns, business loss carryforward, tax credit carryforward, overpayment credit forward) under the DM's name and account number.

Line-by-Line Instructions

Lines not listed are explained on the form.

Dates must be entered in MM-DD-YYYY format.

Do not enter data in boxes filled with Xs.

For additional guidance, see the "Supplemental Instructions for Standard Members in UBGs" on page 141.

Part 1A: Unitary Business Group Members

Lines 1A and 1B: Beginning with the DM, list the UBG standard members and their corresponding FEIN or Michigan Treasury (TR) assigned number. Use additional Part 1A, Form 4580 pages as needed.

NOTE: A taxpayer that is a UBG must file a combined return using the tax year of the DM. The combined return of the UBG must include each tax year of each member whose tax year ends with or within the tax year of the DM. For example, Taxpayer ABC is a UBG comprised of three standard members: Member A, the DM with a calendar tax year, and Members B and C with fiscal years ending March 31, 2009, and September 30, 2009, respectively. Taxpayer ABC's tax year is that of its DM. Thus, Taxpayer ABC's tax year ends December 31, 2009, and its annual return is due April 30, 2010. That annual return must include the tax years of Members B and C ending March 31, 2009, and September 30, 2009.

If, in the previous example, Member A, the DM, instead had a fiscal year ending July 31, 2010, the UBG's tax year would end July 31 and its annual return would be due November 30, 2010. The 2010 combined return for the UBG would include Member A's fiscal year ending July 31, 2010, Member B's fiscal year ending March 31, 2010 and Member C's fiscal year ending September 30, 2009.

Part 1B: Member Identification

Include a separate copy of Parts 1B and 2A for each standard member whose business activity is reported on this return. If a member (other than the DM) has two or more federal tax periods ending with or within the filing period of this return, use a separate copy of Parts 1B and 2A for each of that member's federal periods.

Line 5: Identify the organization type of this member:

- Individual;
- C Corporation (including an LLC, Trust, or other entity taxed federally as a Corporation under Subchapter C of the IRC);
- Fiduciary (a decedent's estate, and a Trust taxed federally as a Trust under Subchapter J of the IRC. A grantor Trust or "revocable living Trust" established by an Individual is not taxed as a separate entity, and should be listed as an Individual.);
- S Corporation (including an LLC, Trust, or other entity taxed federally as a Corporation under Subchapter S of the IRC)
- Partnership (including an LP, LLP, LLC, Trust, or any other entity taxed federally as a Partnership).

Line 6: List the member's tax year, for federal income tax purposes, from which business activity is being reported on this copy of Parts 1B and 2A.

Line 7: If ownership of this member did not satisfy the ownership test in the UBG definition above for this member's entire tax year, enter the beginning and ending dates within this member's tax year during which that ownership test was satisfied. These dates constitute a short tax period for MBT purposes, even if there is no corresponding short federal tax period. This member must prepare a pro forma federal return for the portion of its federal year during which it was a UBG member, and use that pro forma return as the basis for reporting the tax data required by Part 2A.

This question of partial year membership **does not** arise with respect to the flow of value, integration, dependence, or contribution tests that make up the second part of the UBG definition. If the flow of value, etc., test is satisfied at any time during this member's tax year, it is satisfied for the entire tax year.

Line 8: Enter the taxpayer's six-digit North American Industry Classification System (NAICS) code. For a complete list of six-digit NAICS codes, see the U.S. Census Bureau Web site at www.census.gov/eos/www/naics/. Enter the same NAICS code used when filing U.S. Form 1120S, U.S. Form 1065, *Schedule C* of U.S. Form 1040, or *Schedule K* of U.S. Form 1120.

Line 9: Enter the date, if applicable, on which this member went out of existence. Examples include death of an Individual, dissolution of an entity, and a merger in which this member was not the surviving entity. Include any event in which the FEIN ceases to be used by this entity. If this member continues to exist, **DO NOT** use this line to report that this member has stopped doing business in Michigan.

Line 10: If this member has nexus with Michigan, check this box. Guidance in determining nexus can be found in Revenue Administrative Bulletin (RAB) 2007-6 and 2008-4, available online at www.michigan.gov/taxes (see "Reference Library" link at left edge of page).

Line 12: This line does not apply to the first MBT return filed by this UBG. For subsequent tax periods, check this box if this member was not included in the UBG's preceding MBT return.

Line 13: Enter a concise description of the activities or operations of this member that result in a flow of value between this member and others in the UBG, or integration, dependence, or contribution to other members. This is not limited to transactions that are recognized for tax or accounting purposes. It may include sharing of assets, employees, data, business opportunities, or other resources.

Part 2A: Member Data for Combined Return of Standard Taxpayers

Line 14: *Sale* or *Sales* means amounts received by a member as consideration from the following:

- Transfer of title to, or possession of, property that is stock in trade or other property of a kind which would properly be included in the inventory of the member if on hand at the close of the tax period, or property held by the member primarily for sale to customers in the ordinary course of its trade or business. For intangible property, the amounts received will be limited to any gain received from the disposition of that property.
- Performance of services which constitute business activities.
- Rental, leasing, licensing, or use of tangible or intangible property, including interest, that constitutes business activity.
- Any combination of business activities described above.
- For a member not engaged in any other business activities, sales include interest, dividends, and other income from investment assets and activities and from trading assets and activities.

If a member's business activity is confined solely to Michigan and the member does not establish nexus in another state, all sales are allocated to Michigan. *State* is defined to include a foreign country. A member is treated as if subject to tax in another state if, in that state, the member is subject to a business privilege tax, a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, a Corporation stock tax, a tax of the type imposed under the MBT Act, or that state has jurisdiction to subject the member to one or more of such taxes regardless of whether the tax is imposed. A member will be treated as subject to a tax in another state for these purposes if the member has due process and commerce clause nexus with that state.

Complete this line using amounts for the member's business activity only. Do not include amounts from an interest owned by the member in a Partnership, S Corporation, or LLC (unless the LLC is wholly owned by the member and disregarded for federal tax purposes).

If this member is subject to tax in another state, as described above, use the Sourcing of Sales to Michigan information in the Form 4567 instructions, page 29, to determine Michigan sales. If Michigan sales reported are adjusted by a deduction for qualified sales to a qualified customer, as determined by the Michigan Economic Growth Authority (MEGA), attach the Anchor District Tax Credit Certificate or Anchor Jobs Tax Credit Certificate from MEGA as support.

For transportation services that source sales based on revenue miles, include on Line 14 a sales amount calculated by multiplying total sales of the transportation service by the ratio of Michigan revenue miles over revenue miles everywhere as provided in the "Sourcing of Sales to Michigan" chart for

that type of transportation service. *Revenue mile* means the transportation for a consideration of one net ton in weight or one passenger the distance of one mile.

If this member has no Michigan sales, enter zero.

Line 16: *Gross receipts* means the entire amount received by the taxpayer, as determined by using the taxpayer's method of accounting for federal income tax purposes, from any activity, whether in intrastate, interstate, or foreign commerce, carried out for direct or indirect gain, benefit or advantage to the taxpayer or to others, with certain exceptions. Calculation of gross receipts also involves a phased-in deduction (60 percent in the 2009 and 2010 tax years) of any amount deducted as bad debt for federal income tax purposes that corresponds to items of gross receipts included in the modified gross receipts tax base for the current tax year or a past tax year. This partial reduction is reflected in the *Gross Receipts Worksheet* (Worksheet 4700) discussed below.

Receipts include, but are not limited to:

- Receipts (sales proceeds) from the sale of assets used in a business activity
- Sale of products
- Services performed
- Gratuities stipulated on a bill
- Sales tax collected on the sale of tangible personal property, subject to the phase-out schedule
- Dividend and interest income
- Gross commissions earned
- Rents
- Royalties
- Professional services
- Sales of scrap and other similar items
- Client reimbursed expenses not obtained in an agency capacity
- Gross proceeds from intercompany sales.

Use the *Gross Receipts Worksheet* (Worksheet 4700) on page 143 to calculate gross receipts. Attach this worksheet to the return. Gross receipts are not necessarily derived from the federal return, however, this worksheet will calculate gross receipts as defined by law in most circumstances. Taxpayers and tax professionals are expected to be familiar with uncommon situations within their experience, which produce gross receipts not identified by specific lines on this form, and report that amount on the most appropriate line. The Department may adjust the figure resulting from this worksheet to account properly for such uncommon situations.

NOTE: Health Maintenance Organizations (HMOs) holding contract with the State of Michigan for Medicaid services, per MCL 208.111(1) dd, should complete line 71 of Worksheet 4700 only if applicable, otherwise the exclusion will be disallowed.

A member should compute its gross receipts using the same accounting method used in the computation of its net income for federal income tax purposes.

Line 17: Enter inventory acquired during the tax year, including freight, shipping, delivery, or engineering charges included in the original contract price for that inventory.

Inventory means the stock of goods, including electricity and natural gas, held for resale in the ordinary course of a retail or wholesale business, and finished goods and goods in process of a manufacturer, including raw materials purchased from another person. Inventory includes shipping and engineering charges so long as such charges are included in the original contract price for the associated inventory. Inventory also includes floor plan interest for new motor vehicle dealers licensed under the Michigan vehicle code and any pre-paid sales tax required to be paid on the inventory at the time of purchase. Neither pre-paid sales tax nor the sales tax collected upon resale of that inventory is excluded from gross receipts calculated on Worksheet 4700. This must be reported on line 16 of Form 4580.

For purposes of this deduction, *floor plan interest* means interest paid that finances any part of the person's purchase of new motor vehicle inventory from a manufacturer, distributor, or supplier. However, amounts attributable to any invoiced items used to provide more favorable floor plan assistance to a person subject to the tax imposed under the MBT Act than to a person not subject to this tax is considered interest paid by a manufacturer, distributor, or supplier, and is not considered floor plan interest.

For a person that is a securities trader, broker, or dealer, or a person included in the UBG of that securities trader, broker, or dealer that buys and sells for its own account, inventory includes contracts that are subject to the Commodity Exchange Act, 7 USC 1 to 27f, the cost of securities as defined under IRC § 475(c)(2) and for a securities trader the cost of commodities as defined under IRC § 475(e)(2) and for a broker or dealer the cost of commodities as defined under IRC § 475(e)(2)(b), (c), and (d), excluding interest expense other than interest expense related to repurchase agreements. As used in this provision:

- *Broker* and *dealer* mean those terms as defined under section 78c(a)(4) and (a)(5) of the Securities Exchange Act of 1934, 15 USC 78c.
- *Securities trader* means a person that engages in the trade or business of purchasing and selling investments and trading assets.

Inventory does not include either of the following:

- Personal property under lease or principally intended for lease rather than sale.
- Property allowed a deduction or allowance for depreciation or depletion under the IRC.

Line 18: Enter assets, including the costs of fabrication and installation, acquired during the tax year of a type that are, or under the IRC will become, eligible for depreciation, amortization, or accelerated capital cost recovery for federal income tax purposes.

Line 19: To the extent not included in inventory or depreciable property, enter materials and supplies, including repair parts and fuel.

Materials and supplies means tangible personal property acquired during the tax year to be used or consumed in, and directly connected to, the production or management of inventory or the operation or maintenance of depreciable assets as described previously. Materials and supplies include repair parts and fuel.

For example, a physician's or dentist's purchase of sterilizing solution during the tax year that is used to sterilize examination equipment, such as an X-ray machine, may be considered materials and supplies under MCL 208.1113(6)(c).

Line 20: A staffing company may deduct compensation (including wages, benefits, and certain payroll taxes) paid to personnel supplied to its clients. *Staffing company* means a taxpayer whose business activities are included in Industry Group 736 under the Standard Industrial Classification (SIC) Code as compiled by the United States Department of Labor.

Payments to a staffing company by a client do not constitute purchases from other firms.

Line 21: For taxpayers that fall under SIC major groups 15 (Building Construction General Contractors and Operative Builders), 16 (Heavy Construction Other Than Building Construction Contractors) and 17 (Construction Special Trade Contractors) who do not qualify for the Small Business Alternative Credit under MCL 208.1417, the following payments are considered "purchases from other firms:"

- Payments to subcontractors for a construction project, under a contract specific to that project, and
- To the extent not deducted as "inventory" and "materials and supplies," payments for materials deducted as purchases in determining the cost of goods sold for the purpose of calculating total income on the taxpayer's federal income tax return.

NOTE: The analysis of whether a person in a UBG does not qualify for a Small Business Alternative Credit should be based on whether the group as a whole qualifies. However, it is sufficient that the individual UBG member that made the payments listed above be included in SIC codes 15, 16, or 17 in order for the payments to qualify as purchases from other firms.

Persons included in SIC codes 15, 16, and 17 include general contractors (of residential buildings including single-family homes; industrial, commercial, and institutional buildings; bridges, roads, and infrastructure; etc.), operative builders, and trade contractors (such as electricians, plumbers, painters, masons, etc.). See http://www.osha.gov/pls/imis/sic_manual.html for a more complete list.

A *subcontractor* is an Individual or entity that enters into a contract and assumes some or all of the obligations of a person included in SIC codes 15, 16, and 17 as set forth in the primary contract specific to a project. Thus, payments to an independent contractor for general labor services not specific to a particular construction contract do not constitute purchases from other firms. However, payments made to a subcontractor for services and materials provided under a contract specific to a particular construction project (such as the construction of commercial property at 2400 Main Street) do constitute purchases from other firms. There is no requirement that the subcontractors to whom such payments are made be licensed.

The taxpayer bears the burden to prove it is entitled to a deduction in computing its tax liability. It is contemplated that good business practice would include documentation such as a written contract that would support a deduction from gross receipts for payments to subcontractors as purchases from

other firms. The supporting information for payments to a subcontractor could be incorporated into the contract for the specific project or memorialized in a separate contract with a subcontractor specifying the project to which the costs pertain.

Line 23: On lines 23a-23g, calculate a deduction from gross receipts for a member that is a limited dividend housing association that owns and operates a Qualified Affordable Housing Project.

MCL 208.1203(6) provides a deduction, in calculating the modified gross receipts tax base, for the buyer of affordable rental units so long as certain criteria are met. (A deduction from the apportioned business income tax base also is available. See below.) Specifically, the buyer of affordable rental units must enter into an operation agreement with the seller in which the buyer agrees to operate a specific number of the residential rental units bought as rent restricted units for a minimum of 15 years. The buyer must be a Qualified Affordable Housing Project.

Qualified Affordable Housing Project (QAHP) means a person that is organized, qualified, and operated as a limited dividend housing association that has a limitation on the amount of dividends or other distributions that may be distributed to its owners in any given year and has received funding, subsidies, grants, operating support, or construction or permanent funding through one or more public sources.

A *limited dividend housing association* is organized and qualified pursuant to Chapter 7 of the State Housing Development Authority Act (MCL 125.1491 et seq).

If these criteria are satisfied, the buyer may deduct from its modified gross receipts the buyer’s gross receipts attributable to residential rental units in Michigan owned by the QAHP multiplied by a fraction, in which the numerator is the number of rent restricted units in Michigan owned by the QAHP, and the denominator is the number of all rental units owned in Michigan. This deduction is reduced by the amount of limited dividends or other distributions made to the QAHP’s owners. Amounts received by the management, construction, or development company for completion and operation of the project and rental units do not constitute gross receipts for purposes of the deduction.

The QAHP is entitled to this deduction so long as it continues to offer any of the residential rental units purchased as rent restricted units in accordance with the operation agreement.

Line 23a: Gross receipts attributable to residential rentals in Michigan do not include amounts received by the management, construction, or development company for completion and operation of the project and those rental units.

Line 23b: Rent restricted unit means any residential rental unit that has a rental rate restricted in accordance with IRC § 42(g)(1) as if it was a qualified low-income housing project, or that receives rental assistance from Housing and Urban Development (HUD) section 8 subsidies, HUD housing assistance program subsidies, U.S. Department of Agriculture rural housing programs, or from any of the programs described in MCL 208.1203(8)(b).

Line 23c: This includes rent restricted and unrestricted residential rental units owned by the QAHP in Michigan.

Line 24: If the member is licensed under Article 25 (Real

Estate Brokers and Salespersons) or Article 26 (Real Estate Appraisers) of the Occupational Code [MCL 339.2501 to 339.2601 and 339.2601 to 339.2637], enter payments made to independent contractors licensed under Articles 25 or 26.

Line 25: There currently are no subtractions allowed that are recorded on this line. Leave this line blank.

Line 27: Enter amount of the MBT Modified Gross Receipts (MGR) Tax collected in the tax year.

MCL 208.1203(5) permits new motor vehicle dealers licensed under the Michigan Vehicle Code, PA 300 of 1949, MCL 257.1 to 257.923, and dealers of new or used personal watercraft to collect the MGR Tax in addition to the sales price. The statute states that the “amount remitted to the Department for the [MGR Tax] ... shall not be less than the stated and collected amount.” Therefore, the entire amount of the MGR Taxes stated and collected by new motor vehicle dealers and new and used personal watercraft dealers must be remitted to the Department. There should be no instance in which a dealer collects amounts of the MGR Tax from customers in excess of the amount of MGR taxes remitted to the Department. Eligible taxpayers that elect to separately collect the MGR Tax from customers in addition to sales price may include the collected tax as part of their estimated payments.

NOTE: Only new motor vehicle dealers and dealers of new or used personal watercraft are permitted to separately itemize and collect a tax imposed under the MBT Act from customers in addition to sales price, and that authority is limited to only the MGR Tax imposed and levied under MCL 208.1203. The statute does not authorize separate itemizing and collection of the Business Income Tax or surcharge by any person.

Line 28: A member that is a dealer of personal watercraft or new motor vehicles that collected MGR Tax from customers by separate statement on the invoice during the tax year, as entered in line 27, should complete the following worksheet to determine excess MGR Tax collected.

WORKSHEET – EXCESS MGR TAX COLLECTED	
A. Michigan sales from Form 4580, Part 2A, line 14	00
B. Total sales from Form 4580, Part 2A, line 15.....	00
C. Apportionment percentage. Divide line A by line B, enter as a percent....	%
D. Modified gross receipts from Form 4580, Part 2A, line 26	00
E. Apportioned modified gross receipts tax base. Multiply line D by line C.....	00
F. Pro forma MGR Tax before credits. Multiply line E by 0.8% (0.008)	00
G. Enrichment prohibition, amount from Form 4580, Part 2A, line 27	00
H. Excess MGR Tax collected. If line F is less than line G, enter the difference. Otherwise, enter zero. Carry amount to Form 4580, Part 2A, line 28	00

Line 29: *Business income* means that part of federal taxable income derived from business activity. For MBT purposes, *federal taxable income* means taxable income as defined in IRC § 63, except that federal taxable income shall be calculated as if section 168(k) [as applied to qualified property placed in service after December 31, 2007] and IRC § 199 were not in effect. For a Partnership or S Corporation (or LLC federally taxed as such), business income includes payments and items of income and expense that are attributable to business activity of the Partnership or S Corporation and separately reported to the partners or shareholders.

Use the Business Income Worksheet (Worksheet 4746) on page 149 to calculate business income. Attach this worksheet to the return. This worksheet will calculate business income as defined by law in most circumstances. Taxpayers and tax professionals are expected to be familiar with uncommon situations within their experience, which produce business income not identified by specific lines on this worksheet, and report that amount on the most appropriate line. The Department may adjust the figure resulting from this worksheet to account properly for such uncommon situations.

For an organization that is a mutual or cooperative electric company exempt under IRC § 501(c)(12), business income equals the organization's excess or deficiency of revenues over expenses as reported to the federal government by those organizations exempt from the federal income tax under the IRC, less capital credits paid to members of that organization, less income attributed to equity in another organization's net income, and less income resulting from a charge approved by a state or federal regulatory agency that is restricted for a specified purpose and refundable if it is not used for the specified purpose.

For a tax-exempt person, *business income* means only that part of federal taxable income (as defined for MBT purposes) derived from unrelated business activity.

For an Individual or an estate, or for a Partnership or Trust organized exclusively for estate or gift planning purposes, business income is that part of federal taxable income (as defined for MBT purposes) derived from transactions, activities, and sources in the regular course of the member's trade or business, including the following:

- All income from tangible and intangible property if the acquisition, rental, management, or disposition of the property constitutes integral parts of the member's regular trade or business operations.
- Gains or losses incurred in the member's trade or business from stock and securities of any foreign or domestic Corporation and dividend and interest income.
- Income derived from isolated sales, leases, assignment, licenses, divisions, or other infrequently occurring dispositions, transfers, or transactions involving property if the property is or was used in the member's trade or business operation.
- Income derived from the sale of a business.

NOTE: Personal investment income, gains from the sale of property held for personal use and enjoyment, or other assets not used in a trade or business, and any other income not

specifically derived from a trade or business that is earned, received, or otherwise acquired by an Individual, an estate, or a Trust or Partnership organized or established exclusively for estate or gift planning purposes, are not included in the Business Income Tax base. This exclusion only applies to the specific types of persons identified above. Investment income and any other types of income earned or received by all other types of persons not specifically referenced must be included in the business income of the member.

IMPORTANT: If business activity is protected under PL 86-272 for any member of the UBG, then the member must claim protection by filing Form 4586 (if member is the DM) or Form 4581 (if member is not the DM) and reporting its individual activity. Unless all members of the UBG have PL 86-272 protection, a member claiming protection must complete lines 29 through 44. If all members of the UBG are claiming PL 86-272 protection, leave lines 29 through 44 blank.

So long as one member of a UBG has nexus with Michigan and exceeds the protections of PL 86-272, all members of the UBG, including members protected under PL 86-272, must be included when calculating the UBG's Business Income Tax base and apportionment formula. (In other words, PL 86-272 will only remove business income from the apportionable Business Income Tax base when all members of the UBG are protected under PL 86-272.) The inclusion of the business income of members that fall under PL 86-272 in the tax base of the UBG and the subsequent apportionment of such income does not constitute taxation upon those PL 86-272 members. Rather, this method is required for properly determining the Michigan income of the UBG.

Line 30: Enter any interest income and dividends from bonds and similar obligations or securities of states other than Michigan and their political subdivisions in the same amount that was excluded from federal taxable income (as defined for MBT purposes). Include only the income derived from business activity. Reduce this addition by any expenses related to the foregoing income that were disallowed on the federal return by IRC § 265 or 291.

Line 31: Enter all taxes on, or measured by, net income including city and state taxes, foreign income tax, and Federal Environmental Tax claimed as a deduction on the federal return.

Line 32: Enter the Michigan Business Tax, including surcharge, claimed as a deduction on this member's federal return (or this member's allocable share, if claimed on a federal consolidated return).

Line 33: Enter any net operating loss carryover or carryback that was deducted in arriving at this member's federal taxable income (as defined for MBT purposes) reported on line 29. Enter this amount as a positive number.

If all members of a federal consolidated group are members of this UBG and all members of that federal group are reporting on the MBT return supported by this form, a federal net operating loss (NOL) carryback or carryover of that federal consolidated group may be entered as a single figure on this line of the federal parent's Form 4580, Part 2A. If the entire

federal consolidated group is not represented on the MBT return supported by this form, create separate pro forma federal return calculations to determine the amount of federal NOL carryback or carryover attributable to each member of the federal group that is reporting on this return.

Line 34: Enter any losses included in federal taxable income (as defined for MBT purposes) that are attributable to other entities whose business activities are taxable or would be subject to the MBT business income tax if the business activities were in Michigan. If this member owns an interest in only one such entity, list that entity's FEIN or TR Number on the form. If this member owns interests in more than one such entity, attach a statement listing the FEINs or TR Numbers of those entities. This addition includes a loss attributable to this member's ownership interest in another member of the UBG, to the extent that loss was included in this member's federal taxable income (as defined for MBT purposes).

Line 35: Enter any royalty, interest, or other expense paid to a person related to the taxpayer by ownership or control for the use of an intangible asset if the person is not included in the taxpayer's UBG. Royalty, interest, or other expense described here is not required to be included if the taxpayer can demonstrate that the transaction has a nontax business purpose other than avoidance of MBT, is conducted with arm's-length pricing and rates and terms as applied in accordance with IRC § 482 and 1274(d), and satisfies one of the following:

- Is a pass-through of another transaction between a third party and the related person with comparable rates and terms.
- Results in double taxation. For purposes of this subparagraph, double taxation exists if the transaction is subject to tax in another jurisdiction.
- Is unreasonable as determined by the Department, and the taxpayer agrees that the addition would be unreasonable based on the taxpayer's facts and circumstances.
- The related person (recipient of the transaction) is organized under the laws of a foreign nation which has in force a comprehensive income tax treaty with the United States.

Line 36: There currently are no subtractions allowed that are recorded on this line. Leave this line blank.

Line 37: To the extent included in federal taxable income (as defined for MBT purposes), enter any dividends and royalties received from persons other than United States persons and foreign operating entities, including, but not limited to, amounts determined under IRC § 78 or IRC § 951 to 964.

Line 38: Enter any income included in federal taxable income (as defined for MBT purposes) that is attributable to other entities whose business activities are taxable or would be subject to the MBT business income tax if their business activities were in Michigan. If this member owns an interest in only one such entity, list that entity's FEIN or TR Number on the form. If this member owns interests in more than one such entity, attach a statement listing the FEINs or TR Numbers of those entities. This subtraction includes income attributable to this member's ownership interest in another member of the UBG, to the extent that income was included in this member's federal taxable income (as defined for MBT purposes).

Line 39: To the extent included in federal taxable income (as defined for MBT purposes), deduct interest income derived from United States obligations.

Line 40: To the extent included in federal taxable income (as defined for MBT purposes), deduct any earnings that are net earnings from self-employment as defined under IRC § 1402 of the UBG member reporting here, or a partner or LLC member of the UBG member reporting here, except to the extent that those net earnings represent a reasonable return on capital. If less than zero, enter zero.

Under IRC § 1402, the business income of an Individual or sole proprietor, and a partner's distributive share of Partnership income, whether distributed or not, from any trade or business carried on by the Partnership, may be considered self-employment income (with certain statutory exceptions), and subject to the Federal Self-Employment Tax. Therefore, a sole proprietorship or Partnership may deduct any income subject to the Federal Self-Employment Tax when computing the MBT Business Income Tax Base. Shareholders of Corporations, including S Corporations, are not subject to the Federal Self-Employment Tax, and, as a result, no deduction is allowed for earnings from self-employment income for corporate entities. There is no deduction allowed for S Corporation distributions that is equivalent to the self-employment deduction allowed for Partnerships and sole proprietorships under MBT.

Net earnings from self-employment under IRC § 1402 generally means "the gross income derived by an Individual from any trade or business carried on by such Individual, less the deductions allowed by this subtitle which are attributable to such trade or business, plus the distributive share (whether or not distributed) of income or loss described in [IRC] 702(a) (8) from any trade or business carried on by a Partnership of which he is a member," subject to certain exclusions, including rentals from real estate, dividends and interest, and certain net operating losses and personal exemptions (IRC § 1402(a)).

Line 41: There currently are no subtractions allowed that are recorded on this line. Leave this line blank.

Line 43: Enter any unused MBT business loss carryforward from the MBT return for the preceding year. Deduct any available business loss incurred after December 31, 2007. *Business loss* means a negative business income tax base after allocation or apportionment. The business loss will be carried forward to the year immediately succeeding the loss year as an offset to the allocated or apportioned Business Income Tax base, then successively to the next nine taxable years following the loss year or until the loss is used up, whichever occurs first, but for not more than ten taxable years after the loss year.

When membership of a UBG changes, the business loss carryforward of the UBG is divided among the UBG and the departing member(s) in proportion to the losses the members would have generated had each member filed separately for all MBT periods that contribute to the loss.

NOTE: MBT business loss carryforward is not the same as the federal net operating loss carryforward or carryback, or the SBT business loss carryforward.

IMPORTANT: Line 43 is for reporting the DM's and all members' credit carryforwards remaining from a previous year. If the group created a carryforward in the immediately preceding tax period, the Department will have maintained that credit on the DM's account. All individual members' credit carryforwards are still being retained at the member level until fully consumed. Enter the amount of credit carryforward that any member brought into the group from filing periods preceding its filing with the group. This is in the event if a member with unused credit carryforward leaves the group, the credit carryforward created before becoming a member of the group will remain with that individual member.

Line 44: Qualified Affordable Housing deductions. Members claiming the seller's deduction, skip lines 44a-44h and carry the amount from Form 4579, line 5, to line 44i. Members claiming the buyer's deduction, complete lines 44a-44i.

The MBT Act provides separate deductions from the apportioned Business Income Tax base to a buyer (MCL 208.1201(7)) and seller (MCL 208.1201(6)) of residential rental units purchased and operated by a QAHP for certain amounts associated with the sale or operation of those units so long as certain criteria are met. Specifically, the buyer must be a QAHP and must enter into an operation agreement with the seller in which the buyer agrees to operate a specific number of the units as rent restricted units for a minimum of 15 years. QAHP is further defined under line 23 instructions.

The buyer/QAHP may deduct from its apportioned Business Income Tax base an amount equal to the product of its taxable income attributable to residential rental units it owns in Michigan multiplied by a fraction, in which the numerator is the number of rent restricted units it owns in Michigan, and the denominator is the number of all residential rental units it owns in Michigan. The buyer is entitled to this deduction so long as it continues to offer any of the units purchased as rent restricted units in accordance with the operation agreement.

The seller's deduction is described in the instructions to Line 44i.

Lines 44a-44c: In general, taxable income attributable to residential rental units is gross rental receipts attributable to residential rental units in Michigan (purchased pursuant to an operation agreement) less rental expenses attributable to residential rental units in Michigan, including, but not limited to, repairs, interest, insurance, maintenance, utilities, and depreciation. Income received by the management, construction, or development company for completion and operation of the project and rental units does not constitute taxable income attributable to residential rental units.

A Partnership or S Corporation may use *Rental Real Estate Income and Expenses of a Partnership or an S Corporation* (U.S. Form 8825) to determine its income and expenses attributable to residential rental units in Michigan. To the extent that the QAHP is taxed as something other than a Partnership or S Corporation, it may use *Supplemental Income and Loss* (U.S. Form 1040, Schedule E) or relevant portions of *U.S. Corporation Income Tax Return* (U.S. Form 1120), as appropriate. If the QAHP is a Corporation, the expenses permitted should be limited to those also listed on *Low-Income*

Housing Credit Agencies Report of Noncompliance or Building Disposition (U.S. Form 8823) and U.S. Form 1040, Schedule E. Rental receipts and expenses must be calculated without regard to any gain or loss resulting from the disposition of rental property. Also, allocated amounts from flow-through entities in which the QAHP is an owner are not considered.

Improvements that increase the value of the property or extend its life, such as replacing a roof or renovating a kitchen, are not deductible rental expenses. Any passive activity loss limitations applicable to the QAHP's federal return also apply for purposes of MCL 208.1201(7).

Line 44d: *Rent restricted unit* means a residential rental unit's rental income is restricted in accordance with IRC § 42(g)(1) as if it was a qualified low-income housing project, or receives rental assistance in the form of HUD section 8 subsidies or HUD housing assistance program subsidies, or rental assistance from the U.S. Department of Agriculture rural housing programs, from any of the other programs described in MCL 208.1203(8)(b).

Line 44e: This includes rent restricted and unrestricted residential rental units owned by the QAHP in Michigan.

Line 44h: The buyer's deduction is reduced by the amount of limited dividends or other distributions made to owners of the QAHP.

Line 44i: The seller may take a deduction from its apportioned Business Income Tax base equal to the gain from sale of the rent restricted units to the QAHP, as calculated on the *MBT Qualified Affordable Housing Seller's Deduction* (Form 4579). Enter the amount from Form 4579, line 5.

When the seller claims a deduction for the year of sale, the State will place a lien on the property equal to the amount of the seller's deduction. If, within 15 years after the purchase, the buyer fails to qualify as a QAHP or fails to operate any of the units as rent restricted units in accordance with the operation agreement, this lien becomes payable to the State. The lien is payable through an addition to the buyer's tax liability in the year the recapture event occurs. The recapture is calculated on *MBT Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587).

Lines 45-62: These lines are for reporting each member's tax credit carryforwards remaining from a previous year. If the group created a carryforward in a preceding tax period, the Department will have maintained that carryforward on the DM's account. Enter unused carryforwards of this type on the DM's copy of Part 2A.

If a member created a carryforward prior to joining the UBG, the Department will maintain that carryforward on that member's account, subject to use by the group, until it is fully consumed or that member leaves the group. Enter unused carryforwards of this type on the copy of Part 2A filed for the member that brought the carryforward to the group.

Available credit carryforwards, regardless of whether they arose within the group or outside of it, are applied against the UBG's tax liability on the basis of age (oldest first). If two members each created a carryforward of the same credit and the same

age, and together they exceed the amount allowable in this filing period, those members' respective credit carryforwards are used in proportion to the amount they contributed to the group. If a member that generated a carryforward in a prior period leaves the group, that member will take with it an amount equal to the group's remaining carryforward from that period multiplied by the amount that member contributed relative to the total amount contributed by all group members for the same credit in that same period.

It is important to review a carryforward for the possibility that some or all of it has expired, or that some or all of it was withdrawn from the group by a departing member.

Each of these lines for a tax credit carryforward is the amount of the identified item that may be claimed in this filing period.

See the "Supplemental Instructions for Standard Members in UBGs" on page 141 for information on the effects of members leaving or joining a UBG on credit carryforwards.

Line 63: Enter overpayment credited from prior MBT return. When membership of a UBG changes from one filing period to the next, carryforward of an overpayment from the prior return remains with the DM's account.

Line 64: All MBT estimated payments for a UBG should be made by the DM. Enter estimates paid by the DM on this line of the DM's copy of Part 2A. If any other member paid estimates attributable to this group return, enter those estimates on that member's copy of Part 2A. Include all payments made by that member for any portion of its federal filing period that is included on this group return. For example, if a non-DM member has a 12 month fiscal year beginning April 1, 2008 and is a member of the UBG throughout that period, its business activity from April 1, 2008, through March 31, 2009, will be reported on the group's December 31, 2009, return. If that member pays MBT quarterly estimates, it will make two estimates during 2008, before the DM's filing period begins. Because those estimates are attributable to activity that will be reported on the group's December 31, 2009, return, they should be included on the paying member's copy of Part 2A for the December 31, 2009, group return.

Line 65: Only the DM may request a filing extension for a UBG. If any other member submits an extension request, it will not create a valid extension for the UBG, but any payment attached to such a request can be credited to the UBG by entering that payment on this line in that member's copy of Part 2A.

Part 2B: Summary of Business Activity for Combined Return of Standard Taxpayers

Part 2B supports, line by line, the combination of all members' entries for each corresponding line in Part 2A, and elimination of intra-group transaction data where appropriate. In general, see instructions for corresponding line numbers in Part 2A. Guidance specific to the combination and elimination process is provided below.

NOTE: Elimination, where allowed, applies to transactions between any members of the UBG – not just members that report on this return. For example, if the UBG includes standard taxpayers (not owned by and unitary with a financial

institution in the UBG), an insurance company, and a financial institution, transactions between a standard taxpayer member and an insurance or financial member are eliminated whenever elimination is allowed, despite the fact that the insurance and financial members are not reported on this return with standard taxpayer members. If a transaction occurs between two members of a UBG on a date that is included in this return for one member but included on the preceding or succeeding UBG return for the other member (due to differing year ends of these members), the group is entitled to eliminate the side of that transaction that is included on this return. The other side of the same transaction will be eliminated on the group return for the filing period in which the other member reports the transaction.

However, there is no elimination with an otherwise related entity if the related entity is excluded from the UBG. For example, consider a group with a U.S. parent, a U.S. subsidiary, and a foreign operating entity subsidiary that would otherwise be a UBG, but the foreign operating entity is excluded from the UBG by definition. The U.S. parent filing a UBG return may not eliminate intercompany transactions between itself and the foreign operating entity.

In column B for each line, eliminate the tax consequences of intra-group transactions that are included in column A of that line. Tax consequences of a transaction include, for example, gross receipts, subtractions from gross receipts, income, and deductions. Elimination of intra-group transactions does not apply where boxes are filled with Xs in column B.

Line 28C: Add the combined total after eliminations from line 28C to the number on Form 4567, line 25, and carry the sum to Form 4567, line 26.

Line 66: U.S. persons is defined in these form instructions under General Information About UBGs in MBT.

Line 68: Flow of value, integration, dependence, and contribution in a UBG context are described under "General Information About UBGs in MBT," at the beginning of these instructions for Form 4580.

Part 3: Affiliates Excluded From This Combined Return

The statutory test for membership in a UBG is a group of U.S. persons (other than a foreign operating entity):

- One of which owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting rights or ownership interests that confer rights comparable to voting rights of the other U.S. persons; and
- That has business activities or operations which result in a flow of value between or among persons included in the UBG or has business activities or operations that are integrated with, are dependent upon, or contribute to each other. Flow of value is determined by reviewing the totality of facts and circumstances of business activities and operations.

A person that would be a standard taxpayer if viewed separately is defined as a financial institution if it is owned, directly or indirectly, by a financial institution and is in a UBG with its owner.

The purpose of Part 3 is to identify persons for which the ownership test described above is satisfied, but which are not

included on this combined return, either because the flow of value/integration/dependence/contribution test is not satisfied or because the person is excluded by statute. A new member whose business activity is not included in this return because its tax year ends after the filing period of the UBG should also be listed here.

Line 70A: If a person being listed here is listed on U.S. Form 851, enter the identifying number for that person that is called “Corp. No.” at the left edge of pages 1, 2, and 3 of U.S. Form 851.

Line 70D: If you have questions, call the Michigan Department of Treasury, Technical Services Division, at (517) 636-4230, to discuss an appropriate entry.

Line 70E: If this person has nexus with Michigan, enter a check in this box.

Line 70F: Enter the person’s six-digit North American Industry Classification System (NAICS) code. For a complete list of six-digit NAICS codes, see the U.S. Census Bureau Web site at www.census.gov/eos/www/naics/, or enter the same NAICS code used when filing the U.S. Form 1120, *Schedule K*; U.S. Form 1120S; U.S. Form 1065; or U.S. Form 1040, *Schedule C*.

Part 4: Affiliates Included in the Prior Combined Return, but Excluded From This Return

The purpose of Part 4 is to assist the Department in tracking membership changes of a UBG from year to year. If the reason the person is not on this return is because it did not satisfy the flow of value/etc. test at any time during this filing period, list the person on line 70, and do not enter it here.

Line 71C: Reason codes for a person being included in last year’s return but not on this return:

10	The member no longer meets the control test, but the ownership interest is still greater than zero.
12	The member no longer meets the control test and the ownership interest is zero.
14	Before the beginning of the group’s filing period for this return, the person ceased to exist due to dissolution.
16	Before the beginning of the group’s filing period for this return, the person ceased to exist due to a merger or similar combination.

If the reason is not listed among these reason codes, describe the reason in 21 characters or less in the space provided.

Attachments

If the MBT combined return membership is identical to the federal consolidated return membership, provide the same federal return attachments required for a taxpayer that files separately. See the “Attachments” section in the Form 4567 instructions.

If members reporting on the this combined MBT return file more than one federal return:

1. For each person that files a separate federal return, attach the same pages of that person’s federal return, and any other items (for example, financial statements) as are required for a separate filer in similar circumstances. See the “Attachments

section” of Form 4567 instructions for guidance on standard required pages of federal returns.

2. If some or all of the members reporting on this combined MBT return also are members of a federal consolidated group (but membership is not identical), attach standard required pages of federal consolidated return, and any other items required for a separate filer in similar circumstances, PLUS a worksheet showing removal of data for federal members that are not on the combined MBT return.

3. In all cases in which members reporting on this combined MBT return file more than one federal return, attach worksheet showing intra-group eliminations.

Include completed Form 4580 as part of the tax return filing.

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2009 MICHIGAN Business Tax Penalty and Interest Computation for Underpaid Estimated Tax

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number
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PART 1: ESTIMATED TAX REQUIRED

- | | | | |
|---|----|---|----|
| 1. Annual tax from Form 4567, line 57, or Form 4583, line 21, or Form 4588, line 44, or Form 4590, line 30..... | 1. | <div style="border:1px solid black; width:100px; height:20px;"></div> | 00 |
| 2. Required estimate amount. Enter 85% (0.85) of line 1..... | 2. | <div style="border:1px solid black; width:100px; height:20px;"></div> | 00 |

See MBT instruction booklet for exceptions to penalty and interest computation.

3. **ENTER THE PAYMENT DUE DATES** (MM-DD-YYYY)
4. Divide amount on line 2 by 4, or by the number of quarterly returns required. If annualizing, enter the amount from Annualization Worksheet, line 69, page 2

CAUTION: Complete lines 5 - 13 one column at a time

5. Prior year overpayment
6. Amount paid on quarterly return or SUW return (see instr.)
7. Enter amount, if any, from line 13 of the previous column.
8. Add lines 5, 6 and 7.....
9. Add amounts on lines 11 and 12 of the previous column and enter the result here
10. Subtract line 9 from line 8. If less than zero, enter zero. For column A only, enter the amount from line 8
11. Remaining underpayment from previous period. If amount on line 10 is zero, subtract line 8 from line 9 and enter result here. Otherwise, enter zero
12. If line 4 is greater than or equal to line 10, subtract line 10 from line 4 and enter it here. Then go to line 6 of the next column. Otherwise, go to line 13
13. If line 10 is larger than line 4, subtract line 4 from line 10 and enter it here. Then go to line 6 of next column

	A	B	C	D
3.				
4.				
5.		X X X X X	X X X X X	X X X X X
6.				
7.	X X X X X			
8.				
9.	X X X X X			
10.				
11.	X X X X X			
12.				
13.				

PART 2: FIGURING INTEREST

14. TOTAL UNDERPAYMENT. Add lines 11 and 12.....
15. Enter due date for the next quarter or date tax was paid, whichever is earlier. In column D, enter the due date for the annual return or date tax was paid, whichever is earlier
16. Number of days from the due date of the quarter to the date on line 15.....
17. No. of days on line 16 after 04-15-09 and before 07-01-09..
18. No. of days on line 16 after 06-30-09 and before 01-01-10..
19. No. of days on line 16 after 12-31-09 and before 07-01-10..
20. No. of days on line 16 after 06-30-10 and before 01-01-11..
21. Number of days on line 17 x 6.0% (0.06) x line 14.....
- 365
22. Number of days on line 18 x 4.7% (0.047) x line 14.....
- 365
23. Number of days on line 19 x 4.25% (0.0425) x line 14.....
- 365
24. Number of days on line 20 x % x line 14.....
- 365
25. Underpayment of interest. Add lines 21 through 24
26. **Interest Due.** Add line 25 columns A through D and enter the result here.....

	A	B	C	D
14.				
15.				
16.				
17.				
18.				
19.				
20.				
21.				
22.				
23.				
24.				
25.				
26.				<div style="border:1px solid black; width:100px; height:20px;"></div>

* Interest rate will be set at 1% above the adjusted prime rate for this period.

PART 3: FIGURING PENALTY

	A	B	C	D
27. Enter the amount from line 12				
28. Payment due dates from line 3 (MM-DD-YYYY)				
29. Annual return due date or the date payment was made, whichever is earlier.....				
30. Number of days from date on line 28 to date on line 29.				
31. If line 30 is greater than 0 but less than 61, multiply line 27 by 5% (0.05) ..				
32. If line 30 is greater than 60, but less than 91, multiply line 27 by 10% (0.10)				
33. If line 30 is greater than 90, but less than 121, multiply line 27 by 15% (0.15)				
34. If line 30 is greater than 120, but less than 151, multiply line 27 by 20% (0.20)				
35. If line 30 is greater than 150, multiply line 27 by 25% (0.25).....				
36. Add lines 31 through 35.....				
37. Total Penalty. Add line 36, columns A through D				00
38. Total Penalty and Interest. Add lines 26 and 37. Enter here and on Form 4567, line 65, or Form 4583, line 29, or Form 4588, line 52, or Form 4590, line 38.....				00

PART 4: ANNUALIZATION WORKSHEET FOR MODIFIED GROSS RECEIPTS AND BUSINESS INCOME TAXES

(If filing Forms 4583, 4588, or 4590, see instructions.)

Complete worksheet if liability is not evenly distributed throughout year.

	A First 3 Months	B First 6 Months	C First 9 Months	D Full 12 Months
39. Gross receipts (GR).....				
40. Subtractions.....				
41. Modified GR. Subtract line 40 from line 39.....				
42. Apportionment percentage from Form 4567, line 11c	%	%	%	%
43. Apportioned GR Tax Base. Multiply line 41 by line 42.....				
44. Multiply line 43 by 0.8% (0.008)				
45. Enrichment Prohibition for dealers of boats/new motor vehicles ...				
46. GR Tax Before Credits. Enter the greater of lines 44 or 45				
47. Business Income (BI)				
48. Additions.....				
49. Add lines 47 and 48.....				
50. Subtractions.....				
51. BI Tax Base. Subtract line 50 from line 49.....				
52. Apportioned BI Tax Base. Multiply line 51 by line 42.....				
53. MBT business loss carryforward				
54. Qualified Affordable Housing Deduction.....				
55. Subtract line 54 and line 53 from line 52. If less than zero, enter zero.				
56. BI Tax Before Credits. Multiply line 55 by 4.95% (0.0495)				
57. Total MBT Before Credits. Add lines 46 and 56.....				
58. Annual Surcharge. Multiply line 57 by 21.99% (0.2199) (surcharge for the year should not exceed \$6,000,000)..				
59. MBT (including surcharge) Before Credits. Add lines 57 and 58.				
60. Nonrefundable Credits.....				
61. Subtract line 60 from line 59. If less than zero, enter zero				
62. Recapture of certain MBT credits and deductions.....				
63. Net Tax Liability. Add lines 61 and 62				
64. Annualization ratios	4	2	1.3333	1
65. Annualized tax. Multiply line 63 by line 64.....				
66. Applicable percentage	21.25%	42.5%	63.75%	85%
67. Multiply line 65 by line 66				
68. Combined amounts of line 69 from all preceding columns	X X X X X			
69. ESTIMATE REQUIREMENTS BY QUARTER. Subtract line 68 from line 67. If less than zero, enter zero. Enter here and on page 1, line 4.....				

NOTE: Totals on line 69 must equal 85% of the current year tax liability on page 1, line 1.

Instructions for Form 4582, Michigan Business Tax (MBT) Penalty and Interest Computation for Underpaid Estimated Tax

Purpose

To compute penalty and interest for underpaying, late filing, or late payment of quarterly estimates. If a taxpayer prefers not to file this form, the Department of Treasury (Department) will compute any applicable penalty and interest and bill the taxpayer.

NOTE: Penalty and interest for late filing or late payment on the annual return is computed separately. See “Computing Penalty and Interest” on page 15.

Estimated returns and payments are required from any taxpayer who expects an annual MBT liability of more than \$800. Exceptions are listed below. If a taxpayer owes estimated tax and the estimated return with full payment is not filed or is filed late, penalty is added at 5 percent of tax due, for the first two months. Penalty increases by an additional 5 percent per month, or fraction thereof, after the second month, to a maximum of 25 percent. If the taxpayer made no estimated tax payments and none of the exceptions below apply, compute the interest due (Part 2) and the penalty for non-filing (Part 3).

Exceptions

If any of the conditions listed below apply, do not pay penalty and interest. If a business operated less than 12 months in the current or preceding year, annualize figures (as applicable) to determine if the exceptions apply. See page 14 for complete annualizing instructions.

- The annual tax on the current annual return is \$800 or less.
- The estimated quarterly payments reasonably approximate the tax liability incurred for each quarter and the total of all payments equals at least 85 percent of the annual liability. Complete the Annualization Worksheet (Part 4) if the liability is not evenly distributed through the tax year.
- The sum of estimated payments equals the annual tax on the preceding year’s return, providing these payments were made in four timely equal payments, or 12, if paid on Sales, Use, and Withholding (SUW) returns, and the preceding year’s tax was \$20,000 or less. If the prior year’s tax liability was reported for a period less than 12 months, this amount must be annualized. See “Filing if Tax Year Is Less Than 12 Months” in the general information section on page 14 for more information.
- The taxpayer is a farmer, fisherman, or seafarer and files the *MBT Annual Return* (Form 4567) by March 1, or a tentative annual return with payment by January 15, and the final return on or before April 15.

Line-by-Line Instructions

Lines not listed are explained on the form.

Do not enter data in boxes filled with Xs.

Dates must be entered in MM-DD-YYYY format.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either Form 4567 or the *MBT Simplified Return* (Form 4583)

for standard taxpayers, the *MBT Annual Return for Financial Institutions* (Form 4590), or the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588)).

PART 1: ESTIMATED TAX REQUIRED

Line 2: Enter 85 percent of the annual tax amount from line 1.

Line 3: Enter the due date for each quarterly return. For calendar year filers these dates are April 15, July 15, October 15, and January 15. For fiscal year filers, these dates are 4th, 7th, 10th and 13th months after the start of the fiscal year. Payment is due on the 15th day of the month.

Line 4: Divide the amount of the estimated tax required for the year on line 4 by four and enter this as estimated tax for each quarter. If the business operated less than 12 months, divide by the number of quarterly returns required and enter this as the estimated tax for each quarter.

Actual Quarterly Tax. If a taxpayer computes quarterly tax due based on the actual tax base for each quarter, complete Part 4 first, then bring the tax from line 69 of the annualization worksheet to line 4. See Part 4 instructions for taxpayers filing a return other than Form 4567. The total of the four computed amounts cannot be less than line 2.

Line 5: Complete column A only. Enter the amount of prior year overpayment credited to the current tax year estimates.

Line 6: Amount Paid.

- **Column A:** Enter estimated payments made by the due date for the first quarterly return. Also enter in column A the total refundable credits from line 25 of the *MBT Refundable Credits* (Form 4574).
- **Column B:** Enter payments made after the due date in column A and by the due date in column B.
- **Column C:** Enter payments made after the due date in column B and by the due date in column C.
- **Column D:** Enter payments made after the due date in column C and by the due date in column D.

If quarterly payments are made after the due date, penalty and interest will apply until the payment is received. If less than full payment is made with a late filing, the taxpayer will need to compute multiple penalty and interest calculations for each column. Attach a separate schedule if necessary.

PART 2: FIGURING INTEREST

Compute the interest due for both non-filing and underpayment of the required estimated tax in this section. Follow the instructions for each line, as the interest amount is different for each quarter.

Line 15: Enter the due date of the next quarter or the date the tax was paid, whichever is earlier. In column D, enter the earlier of the due date for the annual return or the date the tax was paid. An approved extension does not change the due date of the annual return (column D) for this computation.

PART 3: FIGURING PENALTY

Compute the penalty due for both non-filing and underpayment of the required estimated tax in this section. Follow the instructions for each line, as the penalty amount is different for each quarter.

Avoiding Penalty and Interest Under MBT

If estimated MBT liability for the year is over \$800, a taxpayer must file estimated quarterly returns and payments. The taxpayer may make payments with any of the following:

- *MBT Quarterly Return* (Form 4548) or
- *Combined Return for Michigan Taxes* (Form 160) (if registered for SUW Taxes), or
- Electronic Funds Transfer (EFT). To learn more about this option, see www.michigan.gov/biztaxpayments.

If filing monthly using Form 160, monthly payments may be filed on the 20th day of the month. If filing quarterly via Form 160, payment for MBT is due on the 15th. For example, a calendar year taxpayer may file a monthly MBT estimate using Form 160 on April 20 rather than April 15 so long as the estimate for that month is consistent with the instructions below.

For taxpayers electing to make monthly remittances by EFT where the requirement to file a paper Form 160 has been waived, MBT estimates can be made by the 20th day of the month following the month's end. The estimated MBT for the quarter must also reasonably approximate the liability for the quarter.

NOTE: Your debit transaction will be ineligible for EFT if the bank account used for the electronic debit is funded or otherwise associated with a foreign bank account to the extent that the payment transaction would qualify as a International ACH Transaction (IAT) under NACHA Rules. Contact your bank for questions about the status of your bank account. Contact the Department's Electronic Funds Transfer Unit at (517) 636-4730 for alternate payment methods.

The estimated payment made with each quarterly return must be for the total estimated Business Income Tax and Modified Gross Receipts Tax for the quarter plus surcharge, or 25 percent of the estimated annual liability. To avoid interest and penalty charges, estimated payments must equal at least 85 percent of the liability for the tax year and the amount of each estimated payment must reasonably approximate the tax liability for that quarter or the sum of estimated payments must equal the annual tax on the preceding year's return, providing these payments were made in four timely equal payments, or 12, if paid on SUW returns, and the preceding year's tax was \$20,000 or less. If the year's tax liability is \$800 or less, estimated returns are not required. Estimates can no longer be based on 1 percent of gross receipts.

PART 4: ANNUALIZATION WORKSHEET FOR MODIFIED GROSS RECEIPTS AND BUSINESS INCOME TAXES

Standard taxpayers may use the annualization worksheet to determine the amount of estimates due when income is not evenly distributed through the tax year.

If filing the *MBT Simplified Return* (Form 4583), the *Insurance*

Company Annual Return for Michigan Business and Retaliatory Taxes (Form 4588), or *MBT Annual Return for Financial Institutions* (Form 4590), submit a schedule showing the entity's computations for each quarter. Enter the total amounts on line 63 and follow the instructions for lines 64 through 69.

Each column represents a quarterly three-month filing period.

The annualization worksheet essentially leads filers through the steps required to calculate the actual MBT due for the tax year to date. The net tax liability is then annualized and multiplied by the percentage of estimates required for that quarter.

NOTE: For a taxpayer that calculates and pays estimated payments for federal income tax purposes pursuant to section 6655(e) of the Internal Revenue Code, that taxpayer may use the same methodology as used to calculate the annualized income installment or the adjusted seasonal installment, whichever is used as the basis for the federal estimated payment, to calculate the estimated payments required each quarter under this section.

Line 42: If not subject to apportionment, enter 100 percent.

Line 58: Multiply line 57 by 21.99 percent (0.2199). The surcharge for the year should not exceed \$6,000,000.

For example, if 21.99 percent of line 58 is equal to \$4,000,000 in the first quarter, in the second quarter there is additional tax on line 57 that would add another \$1,000,000, the third quarter there was no additional tax, and the fourth quarter the additional tax would add another \$2,000,000, enter as follows:

- **Column A:** \$4,000,000
- **Column B:** \$5,000,000
- **Column C:** \$5,000,000
- **Column D:** \$6,000,000

Line 69: The totals for line 69, columns A, B, C, and D, must equal 85 percent of the current year tax liability on page 1, line 1.

Include completed Form 4582 as part of the tax return filing.

For More Information

For more comprehensive information regarding MBT, visit the MBT Web site at www.michigan.gov/mbt. The Web site contains information taxpayers may find helpful in determining their estimated tax liability.

2009 MICHIGAN Business Tax Election of Refund or Carryforward of Credits

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number
------	--

1. Tax liability after Renaissance Zone Credit from Form 4573, line 15, or tax liability after Renaissance Zone Credit from Form 4596, line 18 1. 00

HISTORIC PRESERVATION CREDIT. If not claiming, skip to line 30.

Recapture Calculation

<p>2. Historic Preservation Credit recapture. Carry to Form 4573, line 17a, or Form 4596, line 20.....</p> <p>3. Tax Liability After Historic Preservation Credit Recapture. Add lines 1 and 2.....</p> <p>4. Unused Basic/Enhanced credit from previous period return</p> <p>5. Tax liability after Basic/Enhanced credit carryforward. Subtract line 4 from line 3. If less than zero, enter zero...</p> <p>6. Basic/Enhanced credit carryforward to the next period. If line 4 is greater than line 3, enter the difference</p> <p>7. Unused Special Consideration credit from previous period return (see instructions).....</p> <p>8. Tax liability after Special Consideration credit carryforward. Subtract line 7 from line 5. If less than zero, enter zero</p> <p>9. Special Consideration credit carryforward to the next period. If line 7 is greater than line 5, enter the difference.....</p> <p>10. Basic/Enhanced credit received by assignment in this filing period. (Attach Michigan Department of Treasury approval letter received from Assignor.)</p> <p>11. Tax liability after Basic/Enhanced credit received by assignment. Subtract line 10 from line 8. If less than zero, enter zero</p> <p>12. Assigned Basic/Enhanced credit carryforward to the next period. If line 10 is greater than line 8, enter the difference.....</p> <p>13. Special Consideration credit received by assignment for this filing period. (Attach Michigan Department of Treasury approval letter received from Assignor.)</p> <p>14. Tax liability after Special Consideration credit received by assignment. Subtract line 13 from line 11. If less than zero, enter zero</p> <p>15. Assigned Special Consideration credit carryforward for the next year. If line 13 is greater than line 11, enter the difference</p> <p>16. Current period Basic credit from Form 3581, line 4d.....</p> <p>17. Current period Enhanced credit from Form 3581, line 5d</p> <p>18. Current period Basic/Enhanced credits. Add lines 16 and 17.</p> <p>19. Tax liability after current period Basic/Enhanced credits. Subtract line 18 from line 14. If less than zero, enter zero</p> <p>20. Current period Basic/Enhanced credits that exceed liability. If line 18 is greater than line 14, enter the difference.....</p> <p>21. Special Consideration credit from Form 3581, line 6d.....</p> <p>22. Allowable current period Special Consideration credit. Enter the lesser of lines 19 and 21</p> <p>23. Current period Special Consideration credit carryforward to next period. If line 21 is greater than line 22, enter the difference</p> <p>24. Tax liability after Historic Preservation Credit. Subtract line 22 from line 19</p>	<p>2.</p> <p>3.</p> <p>4.</p> <p>5.</p> <p>6.</p> <p>7.</p> <p>8.</p> <p>9.</p> <p>10.</p> <p>11.</p> <p>12.</p> <p>13.</p> <p>14.</p> <p>15.</p> <p>16.</p> <p>17.</p> <p>18.</p> <p>19.</p> <p>20.</p> <p>21.</p> <p>22.</p> <p>23.</p> <p>24.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="height: 20px;"> </td><td style="width: 10%; text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> <tr><td style="height: 20px;"> </td><td style="text-align: center;">00</td></tr> </table>		00		00		00		00		00		00		00		00		00		00		00		00		00		00		00		00		00		00		00		00		00		00		00		00
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Carryforward/Refund Calculation

25. Prior year and assigned Basic/Enhanced credit carryforward to next period. Add lines 6 and 12.....	25.		00
26. All Special Consideration credit carryforward to next period. Add lines 9, 15, and 23.....	26.		00
27. Basic/Enhanced credit refund (see instructions)			
a. Amount of credit from line 20 that is eligible to be refunded. If line 20 is zero, skip to line 28	27a.		00
b. Refundable Amount. Multiply line 27a by 90% (0.90). Carry to Form 4574, line 14, or Form 4596, line 3.....	27b.		00
28. Total Basic/Enhanced credit carryforward to next period. If no refund selected in line 27b, add lines 25 and 20. Otherwise, add lines 25 and 20 and subtract line 27a (see instructions).....	28.		00
29. Total Historic Preservation Credit. Subtract line 24 from line 3. Carry amount to Form 4573, line 16, or Form 4596, line 19.....	29.		00

ANCHOR COMPANY TAXABLE VALUE CREDIT. If not claiming, complete line 30, carry amount to line 35, and continue to the next credit.

30. Tax liability before Anchor Company Taxable Value Credit from Form 4573, line 46, or tax liability before Brownfield Redevelopment Credit from Form 4596, line 21	30.		00
31. Unused credit from previous period MBT return.....	31.		00
32. Tax After Previous Period Credit. Subtract line 31 from line 30. If less than zero, enter zero	32.		00
33. Remaining unused credit from previous period MBT return. If line 31 is greater than line 30, enter the difference.....	33.		00
34. Available credit from the MEGA Certificate (attach)	34.		00
35. Tax After Current Period Credit. Subtract line 34 from line 32. If less than zero, enter zero here and complete line 36; Otherwise, skip to line 37	35.		00
36. If line 34 is greater than line 32, elect a refund or carryforward of credit by entering the difference on either line 36a or line 36b.			
a. Refundable Amount. Carry amount to Form 4574, line 19	36a.		00
b. Carryforward Amount.....	36b.		00
37. Total Credit Carryforward. Add lines 33 and 36b.....	37.		00
38. Anchor Company Taxable Value Credit. Subtract line 35 from line 30. Carry amount to Form 4573, line 47.....	38.		00

ANCHOR COMPANY PAYROLL CREDIT. If not claiming, carry amount from line 35 to line 43, and continue to the next credit.

39. Unused credit from previous period MBT return.....	39.		00
40. Tax After Previous Period Credit. Subtract line 39 from line 35. If less than zero, enter zero	40.		00
41. Remaining unused credit from previous period MBT return. If line 39 is greater than line 35, enter the difference.....	41.		00
42. Available credit from the MEGA Certificate (attach)	42.		00
43. Tax After Current Period Credit. Subtract line 42 from line 40. If less than zero, enter zero here and complete line 44; Otherwise, skip to line 45.....	43.		00
44. If line 42 is greater than line 40, elect a refund or carryforward of credit by entering the difference on either line 44a or line 44b.			
a. Refundable Amount. Carry amount to Form 4574, line 20	44a.		00
b. Carryforward Amount.....	44b.		00
45. Total Credit Carryforward. Add lines 41 and 44b.....	45.		00
46. Anchor Company Payroll Credit. Subtract line 43 from line 35. Carry amount to Form 4573, line 49.....	46.		00

MEGA FEDERAL CONTRACT CREDIT. If not claiming, skip to line 55.

47. Unused credit from previous period MBT return.....	47.		00
48. Tax After Previous Period Credit. Subtract line 47 from line 43. If less than zero, enter zero.....	48.		00
49. Remaining unused credit from previous period MBT return. If line 47 is greater than line 43, enter the difference.....	49.		00
50. Available credit from the MEGA Certificate (attach).....	50.		00
51. Tax After Current Period Credit. Subtract line 50 from line 48. If less than zero, enter zero here and complete line 52; Otherwise, skip to line 53.....	51.		00
52. If line 50 is greater than line 48, elect a refund or carryforward of credit by entering the difference on either line 52a or line 52b.			
a. Refundable Amount. Carry amount to Form 4574, line 21.....	52a.		00
b. Carryforward Amount.....	52b.		00
53. Total Credit Carryforward. Add lines 49 and 52b.....	53.		00
54. MEGA Federal Contract Credit. Subtract line 51 from line 43. Carry amount to Form 4573, line 51.....	54.		00

BROWNFIELD REDEVELOPMENT CREDIT.**Recapture Calculation**

55. Tax liability before Brownfield Redevelopment Credit from Form 4573, line 71, or Form 4596, line 21.....	55.		00
56. If completing Form 4569, enter amount from Form 4569, line 23; Otherwise, enter MBT Brownfield Redevelopment Credit recapture amount.....	56.		00
57. Unused credit from previous period MBT return.....	57.		00
58. Subtract line 57 from line 56. If less than zero, enter zero.....	58.		00
59. Remaining prior year carryforward. If line 57 is greater than line 56, enter the difference.....	59.		00
60. Assigned credit from <i>MBT Brownfield Redevelopment Credit Assignment Certificate</i> (attach).....	60.		00
61. Subtract line 60 from line 58. If less than zero, enter zero.....	61.		00
62. Remaining assigned credit. If line 60 is greater than line 58, enter the difference.....	62.		00
63. Available credit from <i>MBT Brownfield Redevelopment Credit Certificate of Completion</i> (attach).....	63.		00
64. Subtract line 63 from line 61. If less than zero, enter zero here; Otherwise, carry amount to Form 4587, line 9.....	64.		00

Carryforward/Refund Calculation

65. Remaining current year credit. If line 63 is greater than line 61, enter the difference.....	65.		00
66. Available prior year and assigned credit. Add lines 59 and 62.....	66.		00
67. Tax after available prior year and assigned credit. Subtract line 66 from line 55. If less than zero, enter zero.....	67.		00
68. Prior year and assigned credit carryforward. If line 66 is greater than line 55, enter the difference.....	68.		00
69. Tax After Brownfield Redevelopment Credit. Subtract line 65 from line 67. If less than zero, enter zero here and complete line 70; Otherwise, skip to line 71.....	69.		00
70. If line 65 is greater than line 67, elect a refund or carryforward of credit by completing either line 70a or line 70b...			
a. Refundable Amount. Enter 85% (0.85) of the difference of line 65 and line 67. Carry amount to Form 4574, line 23, or Form 4596, line 5.....	70a.		00
b. Carryforward Amount. Enter the difference of line 65 and line 67.....	70b.		00
71. Total Credit Carryforward. Add lines 68 and 70b.....	71.		00
72. Brownfield Redevelopment Credit. Subtract line 69 from line 55. Carry amount to Form 4573, line 72, or Form 4596, line 22.....	72.		00

Instructions for Form 4584

Michigan Business Tax (MBT) Election of Refund or Carryforward of Credits

Purpose

To allow standard taxpayers to claim certain “hybrid” credits that, if greater than the tax liability, can either be refunded or carried forward to offset future liabilities. Credits and any overpayments are calculated here and then carried to either the *MBT Miscellaneous Nonrefundable Credits* (Form 4573) or the *MBT Refundable Credits* (Form 4574), depending on the election chosen.

NOTE: This form cannot be used with *MBT Simplified Return* (Form 4583).

Financial institutions and insurance companies may use this form to claim the Historic Preservation Credit and Brownfield Redevelopment Credit only.

Elections must be made on the original return filed for the year in which the credit was earned. No amendment will be allowed to change this election. Amounts elected to be carried forward may not be subsequently refunded, nor can assigned credits be refunded. Treatment of any excess credit may not be split between a refund and carryforward.

Special Instructions for Unitary Business Groups

Credits on this form are earned and calculated on an entity-specific basis, as determined by relevant statutory provisions for the respective credits. Intercompany transactions are not eliminated, and the credits are applied against the tax liability of the Unitary Business Group (UBG).

Entity-specific provisions are applied on a member-by-member basis. In none of these cases does a taxpayer that is a UBG take the entity type of its parent, Designated Member (DM), or any member of the UBG. A UBG taxpayer will not be attributed an entity type based on the composition of its members.

A member of a UBG may claim any of the applicable credits contained on this form by attaching the member’s credit certificate to the return. If more than one member is claiming the same credit, the total amount from all claiming members should be entered on each corresponding line on this form. Line-by-line instructions indicate additional information required for UBGs.

See the “Supplemental Instructions for Standard Members in UBGs” on page 141 for information on the effects of members leaving or joining a UBG on credit carryforwards.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter the name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers, the *MBT Annual Return for Financial Institutions* (Form 4590), or the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588)).

UBGs: Complete one form for the group. Enter the DM name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

Historic Preservation Credit

The Historic Preservation Credit provides tax incentives for homeowners, commercial property owners, and businesses to rehabilitate historic resources located in the State of Michigan. Rehabilitation projects must be certified by the State Historic Preservation Office (SHPO).

The credit must be claimed in the year that the certification of completed rehabilitation of the historic resource was issued.

A qualified taxpayer that has a rehabilitation plan certified before January 1, 2008, under the Single Business Tax (SBT) for the rehabilitation of a historic resource for which a certification of completed rehabilitation has been issued after the end of the taxpayer’s last tax year under SBT may also claim a credit.

Qualified taxpayers may receive a *Basic Michigan Credit* equal to 25 percent of their qualified expenditures. For taxpayers eligible for the federal Rehabilitation Credit under IRC § 47(a)(2), the Basic Michigan Credit is 25 percent of the qualified expenditures less the amount of the federal credit claimed. For example, if the federal credit is 20 percent, the State credit is 5 percent of the qualified expenditures.

Qualified expenditures are capital expenditures that qualify (or would qualify except for an authorized agreement between SHPO and the taxpayer) for a rehabilitation credit under IRC § 47(a)(2) (“the federal credit”) if the taxpayer is eligible for the federal credit or, if the taxpayer is not eligible for the federal credit, the qualified expenditures that would qualify under the federal credit except that the expenditures are made to a historic resource that is not eligible for the federal credit. Qualified expenditures do not include capital expenditures for nonhistoric additions to a historic resource except an addition that is required by State or federal regulations that relate to historic preservation, safety, or accessibility.

Public Act (PA) 448 of 2008 amended the Michigan Historic Preservation Tax Credit to allow a qualified MBT taxpayer to take one of two additional credits for tax years that begin on or after January 1, 2009.

The first, the *Enhanced Credit*, is equal to a percentage of qualified expenditures, not to exceed 15 percent, established in a preapproval letter issued by SHPO. The total of all Enhanced Credits awarded is capped at \$8,000,000 in calendar year 2009, increasing annually to \$12,000,000 in calendar year 2013.

The second, the *Special Consideration Credit*, is equal to a percentage of qualified expenditures, not to exceed 15 percent, recorded on the Certificate of Completion awarded by SHPO and may be awarded to three taxpayers in calendar year 2009, and to two in each of calendar years 2010, 2011, 2012, and 2013. Special Consideration Credits are granted to rehabilitation plans expected to have a high community

impact and to have significantly greater historic, social, and economic impact than those plans that earn Enhanced Credits. There is no annual cap on the dollar amount of Special Consideration Credits that may be awarded in a calendar year, however, the maximum amount of credit that may be claimed during a tax year is \$3,000,000 per project, with the excess being carried forward until used up. The Enhanced and Special Consideration Credits are taken in addition to the Basic Credit. All three are calculated on *Michigan Historic Preservation Tax Credit* (Form 3581).

A qualified taxpayer may assign all or a portion of its credit to any assignee. The credit assignment cannot be revoked, but an assignee may subsequently reassign a credit, or any portion of an assigned credit, to one or more assignees. Both the initial assignment of the Michigan Historic Preservation Tax Credit by the qualified taxpayer to the first assignee(s) and the subsequent reassignment by the first assignee(s) to reassignee(s) must be done in the tax year in which the certificate of completed rehabilitation is issued.

This credit is generally nonrefundable. If the credit exceeds the taxpayer's tax liability, the balance of the credit may be carried forward up to ten years. However, for projects for which a certificate of completed rehabilitation is issued for a tax year beginning after December 31, 2008, and for which the credit amount allowed is less than \$250,000, a qualified taxpayer may elect to forgo the carryover period and receive a refund of 90 percent of the amount that exceeds the qualified taxpayer's tax liability. Such an election must be made in the year that a certificate of completed rehabilitation is issued and is irrevocable. The credit must be claimed in the year that the certificate of completed rehabilitation of the historic resource was issued.

An unused carryforward of a Historic Preservation Credit generated under SBT may be claimed against the tax imposed by MBT for the years the carryforward would have been available under SBT (maximum ten years). This carryforward is claimed on the *MBT Single Business Tax Credit Carryforwards* (Form 4569).

Line 2: Recapture. Enter the sum of all SBT and MBT Historic Preservation Credit recapture amounts. If a recapture event occurs, in the year of the event the following percentage of the credit amount previously claimed must be added back to the tax liability of the qualified taxpayer that received the certificate of completed rehabilitation or preapproved letter. For tax years beginning after December 31, 2008, a recapture event occurs if:

- A certificate of completed rehabilitation is revoked or a preapproval letter for an enhanced credit is revoked or a historic resource is sold or disposed of less than five years after the historic resource is placed in service (as defined in IRC § 47(b)(1) and related federal regulations); or
- A certificate of completed rehabilitation issued after December 1, 2008, is revoked or a preapproval letter for an enhanced credit issued after December 1, 2008, is revoked or a historic resource is sold or disposed of less than five years after the historic resource is placed in service during a tax year beginning after December 31, 2008.

100 percent	If less than 1 year
80 percent	If at least 1 year, but less than 2 years
60 percent	If at least 2 years, but less than 3 years
40 percent	If at least 3 years, but less than 4 years
20 percent	If at least 4 years, but less than 5 years

If the credit has been assigned, the recapture is the responsibility of the qualified taxpayer that received the certificate of completed rehabilitation, not the assignee.

NOTE: A recapture is not required if the qualified taxpayer enters into a written agreement with SHPO that allows for the transfer or sale of the historic resource.

UBGs: If any member of the UBG is reporting recapture, a statement must be attached to this form identifying the reporting member.

Line 4: Enter only the unused credit from a previous period MBT return. Available SBT credit carryforward is claimed separately on Form 4569.

UBGs: Enter the unused credit amount from the previous MBT return unless the qualified member has left the UBG. See the "Supplemental Instructions for Standard Members in UBGs."

Line 7: Enter amount of Special Consideration credit carryforward from prior year MBT Form 4584, if any. There is no Special Consideration carryforward from 2008 forms. If filing for a second tax year on 2009 forms, this will be from Line 26 of the prior year MBT Form 4584. The Special Consideration credit carryforward must be separately recorded because, unlike the Basic/Enhanced Credit carryforward, it may be carried forward until used up. It does not expire after 10 years.

UBGs: Enter the unused credit amount from the previous MBT return unless the qualified member has left the UBG. See the "Supplemental Instructions for Standard Members in UBGs."

Line 10: Basic/Enhanced Credit. If the Historic Preservation Credit has been assigned, attach the approval letter received from the Michigan Department of Treasury (Department) to the return. (If the approval letter is not attached, the credit will be disallowed.)

NOTE: If the taxpayer assigned part, but not all, of the credit, include here the amount of credit retained by the taxpayer. To this extent the assignor is also an assignee.

Line 13: Special Consideration Credit. If the Historic Preservation Credit has been assigned, attach the approval letter received from the Department to the return. (If the approval letter is not attached, the credit will be disallowed.)

NOTE: If the taxpayer assigned part, but not all, of the credit, include here the amount of credit retained by the taxpayer. To this extent the assignor is also an assignee.

Line 26: Add lines 9, 15, and 23. This amount is the Special Consideration Credit carryforward to be used on the taxpayer's next MBT return.

Line 27: For projects for which the total credit amount allowed

is less than \$250,000, a qualified taxpayer may elect to forgo the carryover period and receive a refund of 90 percent of the amount of the credit that exceeds the qualified taxpayer's tax liability. Neither an assigned credit nor a credit carried forward from a prior year is eligible to be refunded.

Line 27a: Enter the amount of credit from Line 20 that is eligible to be refunded. This amount may be greater than \$250,000 if a taxpayer has earned credit from more than one project. The determination is made separately for each project for which a taxpayer has earned a credit. Thus, if a separate filer (or two members of a UBG) has two credits, one for \$200,000 and one for \$300,000, the smaller credit is eligible to be refunded. The eligibility for a refund will be based on the entire historic preservation credit earned for a project, including the Basic Credit plus any additional amounts earned as an Enhanced or Special Consideration Credit.

Once eligibility is determined for each credit earned, an election must be made to request either a carryforward or a 90 percent refund of the entire amount eligible. Treatment of any eligible credit may not be split between a refund and carryforward.

Line 28: If no refund was elected in line 27b, add lines 25 and 20. Otherwise, add lines 25 and 20 and subtract line 27a. This amount is the Basic/Enhanced Credit carryforward to be used on the taxpayer's next MBT return.

Anchor Company Taxable Value Credit

The Anchor Company Taxable Value Credit is available for a qualified taxpayer that was designated by the Michigan Economic Growth Authority (MEGA) as an anchor company within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan. An *anchor company* is "a qualified high technology business that is an integral part of a high-technology activity and that has the ability or potential ability to influence business decisions and site location of qualified suppliers and customers." A *qualified supplier* or *customer* is a business that opens a new location in Michigan, a business that locates in Michigan, or an existing business located in Michigan that expands its business within the last year as a result of an anchor company and:

- Has financial transactions with the anchor company,
- Sells a critical or unique component or technology necessary for the anchor company to market a finished product or buys a critical or unique component from the anchor company,
- Creates more than ten qualified new jobs, and
- Has made an investment of at least \$1,000,000.

A qualified taxpayer may take a credit in an amount up to 5 percent of its supplier's or customer's taxable property value within a ten mile radius of the qualified taxpayer. This credit may be taken for a period of up to five years, as determined by MEGA. Any amount that exceeds the taxpayer's tax liability may be refunded or carried forward for five years or until it is used up, whichever occurs first. To be eligible for the credit, a taxpayer must be certified by MEGA.

MEGA will not designate more than five anchor companies in each calendar year or approve more than five new credits in

any year. The statute provides for reduction, termination, or recapture of the credit if the taxpayer fails to comply with its agreement or the statute. Credit recapture is calculated on the *MBT Schedule of Recapture of Certain Business Credits and Deductions* (Form 4587).

For more information, contact the Michigan Economic Development Corporation (MEDC) at (517) 373-9808 or visit the MEDC Web site at michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.

Line 30: Enter tax liability before Anchor Company Taxable Value credit from Form 4573, line 46, or tax liability before Brownfield Redevelopment Credit from *MBT Miscellaneous Credits for Insurance Companies* (Form 4596), line 21.

Line 31: Enter unused credit amount from a previous period MBT return.

UBGs: Enter the unused credit amount from the previous MBT return unless the qualified member has left the UBG. See the "Supplemental Instructions for Standard Members in UBGs."

Line 34: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Anchor District Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 37: Add lines 33 and 36b. This amount is the Anchor Company Taxable Value credit carryforward to be used on the taxpayer's next MBT return.

Anchor Company Payroll Credit

The Anchor Company Payroll Credit is available for a qualified taxpayer that was designated by MEGA as an anchor company within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan.

For a definition of anchor company, see instructions under "Anchor Company Taxable Value Credit."

A qualified taxpayer may take a credit up to 100 percent of its supplier's or customer's payroll for employees who perform qualified new jobs multiplied by the Michigan Individual Income Tax rate. This credit may be taken for a period of up to five years, as determined by MEGA. Any amount that exceeds the taxpayer's tax liability may be refunded or carried forward for ten years or until it is used up, whichever occurs first. To be eligible for the credit, a taxpayer must be certified by MEGA.

MEGA will not designate more than five anchor companies in each calendar year or approve more than five new credits in any year; however, any subsequent credits awarded to a previously qualified taxpayer will not be included in determining the five new credits. The statute provides for reduction, termination, or recapture of the credit if the taxpayer fails to comply with its agreement or the statute. Credit recapture is calculated on Form 4587.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.

Line 39: Enter unused credit amount from a previous period MBT return.

UBGs: Enter the unused credit amount from the previous MBT return unless the qualified member has left the UBG. See the “Supplemental Instructions for Standard Members in UBGs.”

Line 42: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Anchor Jobs Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 45: Add lines 41 and 44b. This amount is the Anchor Company Payroll credit carryforward to be used on the taxpayer’s next MBT return.

MEGA Federal Contract Credit

The MEGA Federal Contract Credit is available for a qualified taxpayer or collective group of taxpayers that have been awarded a federal procurement contract from the United States Department of Defense, Department of Energy or Department of Homeland Security, resulting in a minimum of 25 new full-time jobs. The credit amount is 100 percent of the qualified taxpayer’s payroll attributable to employees who perform qualified new jobs as a result of the contract multiplied by the Michigan Individual Income Tax rate.

This credit may be taken for a period of up to seven years, as determined by MEGA. Any amount that exceeds the taxpayer’s tax liability may be refunded or carried forward for ten years or until it is used up, whichever occurs first. To be eligible for the credit, a taxpayer must enter into an agreement with MEGA and be certified by MEGA.

MEGA will not enter into more than ten agreements in each calendar year; however, any subsequent credits awarded to a previously qualified taxpayer will not be included in determining the ten credits.

If a misrepresentation is made on the application for this credit, the designation of a qualified taxpayer may be revoked and the taxpayer may be required to refund or recapture credits received. Credit recapture is calculated on Form 4587.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.

Line 47: Enter unused credit amount from a previous period MBT return.

UBGs: Enter the unused credit amount from the previous MBT return unless the qualified member has left the UBG. See the “Supplemental Instructions for Standard Members in UBGs.”

Line 50: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Defense Contracting Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 53: Add lines 49 and 52b. This is the MEGA Federal Contract Credit carryforward to be used on the taxpayer’s next MBT return.

Brownfield Redevelopment Credit

The Brownfield Redevelopment Credit encourages businesses to make an investment in eligible Michigan property that was used or is currently used for commercial, industrial, public, or

residential purposes and is either a facility (environmentally contaminated property), functionally obsolete or blighted. Generally, functionally obsolete, or blighted property must be located in a qualified local governmental unit. However, for certain smaller Brownfield Redevelopment projects, eligible property includes property that is functionally obsolete or blighted if located within a downtown development district established under PA 197 of 1975, Michigan Compiled Law (MCL) 125.1651 to 125.1681 or property that is a facility but is not in a qualified local governmental unit. These properties must meet additional criteria.

For the purpose of this credit, the local Brownfield Redevelopment Financing Authority designates eligible property in an approved Brownfield plan.

A qualified taxpayer may claim a credit against its MBT tax liability, provided the taxpayer has a preapproval letter issued for the project after 2007, and before 2013, and the project is completed not more than five years after the preapproval letter is issued (ten years for multiphase projects). An extension can be requested for up to ten years from the date of the preapproval letter.

MBT also allows a taxpayer that received a preapproval letter prior to January 1, 2008, under the SBT Act to receive a Certificate of Completion and claim a credit against the tax imposed by the MBT Act, provided that all other requirements are met.

For projects approved or amended by MEGA, prior to April 8, 2008, the credit is limited to 10 percent of the cost of the eligible investment. For projects approved or amended on or after April 8, 2008, the credit is authorized for a percentage of the cost of eligible investment to be determined by MEGA, up to 20 percent of the cost.

Eligible investment means demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property and the addition of machinery, equipment, and fixtures to eligible property. These activities must occur after the date that eligible activities on the property have begun pursuant to a Brownfield plan and no earlier than 90 days prior to the date a preapproval letter has been issued.

A qualified taxpayer must own or lease or enter an agreement to purchase or lease eligible property, and must certify that the Department of Environmental Quality (DEQ) has not sued or issued a unilateral order to the taxpayer to compel response activity on that property. In addition, DEQ may not have expended any State funds for response activity to the property and then demanded reimbursement from the taxpayer.

The process for applying for a Brownfield Redevelopment Credit is two-fold. First, a qualified taxpayer must apply for preapproval of a project. Approval of this application is discretionary. A preapproval letter will not be issued unless the Brownfield plan designating the eligible property on which the project will occur has been adopted under the Brownfield Redevelopment Financing Act. When the project is completed, taxpayers must submit the cost of the eligible investment of each qualified taxpayer entitled to a credit for the project. Upon verification of the completion of the project, the State will then issue a MEGA Certificate of Completion, and at that point the taxpayers may claim the MBT credit.

Except for a multiphase project, the Brownfield Redevelopment Credit must be claimed in the tax year in which the Certificate of Completion is issued. For credits for a project approved by MEGA with total credits greater than \$10,000,000, the credits must be claimed at the rate of 10 percent per year for ten years, beginning with the first year specified by MEGA on the Certificate of Completion.

If a Brownfield Redevelopment Credit exceeds a taxpayer's tax liability for the year, the excess may be carried forward to offset tax liability in subsequent tax years for a maximum of ten years. Beginning April 8, 2008, a qualified taxpayer may elect to have the amount of the credit that exceeds the tax liability refunded at a rate equal to 85 percent of that amount, forgoing the remaining 15 percent of the credit. This election must be made when filing the return for the tax year in which the Certificate of Completion was received.

NOTE: An unused SBT credit carryforward may be claimed against the tax imposed under the MBT for the same years the carryforward would have been available under SBT, but it expires after ten years (combined SBT and MBT years). This carryforward is claimed on Form 4569.

All or a portion of the credit may be assigned. The assignment of the credit is irrevocable, and except for an assignment based on a multiphase project, must be made in the tax year in which the Certificate of Completion was issued.

The administration of the Brownfield Redevelopment Credit program is assigned to MEGA. For more information on the approval process, contact the MEDC at (517) 373-9808.

Line 55: Enter tax liability before Brownfield Redevelopment Credit from Form 4573, line 71, or Form 4596, line 21.

Line 56: Recapture. The disposal or transfer to another location of personal property used to calculate this credit will result in an addition to the tax liability of the qualified taxpayer who was originally awarded the credit in the year in which the disposal or transfer occurs. This is true even if the credit was assigned to someone else. This additional liability will be calculated by multiplying the same percentage as is used to calculate the credit (e.g., 10 percent) times the federal basis of the property used to calculate gain or loss [as calculated for federal purposes] as of the date of the disposition or transfer. The amount otherwise added to the tax liability may also be used to reduce any carryforward of credits available to the taxpayer.

UBGs: If any member of the UBG is reporting recapture, a statement must be attached to this form identifying the reporting member.

Line 57: Enter only the unused credit from a previous period MBT return. Available SBT credit carryforward is claimed separately on Form 4569.

UBGs: Enter the unused credit amount from the previous MBT return unless the qualified member has left the UBG. See the "Supplemental Instructions for Standard Members in UBGs."

Line 60: If the Brownfield Redevelopment Credit has been assigned, attach the MBT Brownfield Redevelopment Credit Assignment Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 63: For the credit to be valid, attach the Certificate of Completion, issued after the completion of the approval process, to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 71: Add lines 68 and 70b. This amount is the Brownfield Redevelopment credit carryforward to be used on the taxpayer's next MBT return.

Include completed Form 4584 as part of the tax return filing.

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2009 MICHIGAN Business Tax Investment Tax Credit Recapture From Sale of Assets Acquired Under Single Business Tax

Issued under authority of Public Act 36 of 2007.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN) or TR Number
Unitary Business Groups Only: Name of Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN) or TR Number

PART 1: CALCULATION OF SINGLE BUSINESS TAX (SBT) INVESTMENT TAX CREDIT (ITC) RECAPTURE BASES

Each row in lines 1-3 is an asset acquisition year. Columns B and C are totals by acquisition year. Line 1, Column D, and Line 2, Column E: For all years, enter MBT apportionment percentage from Form 4567, line 11c. Enter amounts in whole dollars (no cents).

Depreciable Tangible Assets

1.	A	B	C	D	E	F
	Acquired In Taxable Year Ending (MM-DD-YYYY)	Combined Sales Price of Disposed Assets by Year of Acquisition	Net Gain/Loss From Sale of Assets	Apportionment Percentage <i>From Form 4567, line 11c</i>	Apportioned Gain/Loss <i>Multiply Column C by Column D</i>	SBT ITC Recapture (Base 1) <i>Subtract Column E From Column B</i>

Depreciable Mobile Tangible Assets

2.	A	B	C	D	E	F
	Acquired In Taxable Year Ending (MM-DD-YYYY)	Combined Sales Price of Disposed Assets by Year of Acquisition	Net Gain/Loss From Sale of Assets	Adjusted Proceeds <i>Subtract Column C From Column B</i>	Apportionment Percentage <i>From Form 4567, line 11c</i>	SBT ITC Recapture (Base 2) <i>Multiply Column D by Column E</i>

Assets Transferred Outside Michigan

3.	A	B
	Acquired In Taxable Year Ending (MM-DD-YYYY)	SBT ITC Recapture Combined Adjusted Federal Basis of Disposed Assets by Year of Acquisition (Base 3)

FEIN or TR Number

UBG Member FEIN or TR Number

PART 2: CALCULATION OF SBT ITC RECAPTURE RATESEnter amounts from **ALL** prior SBT C-8000ITC forms filed for **tax years beginning on or after January 1, 2000.**

Enter amounts in whole dollars only (no cents).

4. A Return For Taxable Year Ending (MM-DD-YYYY)	B Net Capital Investment (C-8000ITC, Line 24)	C SBT ITC (C-8000ITC, Line 33)	D SBT ITC Used (C-8000ITC, Line 36)	E Effective Percentage Rate of SBT ITC by Year
				%
				%
				%
				%
				%
				%
				%
				%
				%

Enter amounts from Form 4569, line 3, for all periods, including this period.

5. A Return For Taxable Year Ending (MM-DD-YYYY)	B SBT ITC Carryforward Used (Form 4569, line 3)

PART 3: CALCULATION OF SBT ITC RECAPTURE AMOUNTS

Enter amounts in whole dollars only (no cents).

6. A Acquired In Taxable Year Ending (MM-DD-YYYY)	B Total SBT ITC Recapture Base by Year of Acquisition <i>Add Amounts from Columns 1F, 2F and 3B</i>	C Year-Specified Recapture Percentage Rate from Line 4, Column E	D Recapture Amount <i>Multiply Column B by Column C</i>
		%	
		%	
		%	
		%	
		%	
		%	
		%	
		%	
		%	

7. TOTAL. Enter total of Line 6, column D. Carry total to Form 4570, line 27

00

Instructions for Form 4585

Michigan Business Tax (MBT) Investment Tax Credit Recapture from Sale of Assets Acquired Under Single Business Tax

Purpose

To calculate the Investment Tax Credit (ITC) recapture amount for the disposition or transfer of tangible, depreciable real or personal property acquired in tax years beginning after 1999 and prior to 2008 which must be recaptured to the extent used and at the rate used under the Single Business Tax (SBT) or MBT. Form 4585 must be filed as a supporting schedule for the total recapture amount reported on the *MBT Credits for Compensation, Investment and Research and Development* (Form 4570).

Special Instructions for Unitary Business Groups

For the tax period covered on the Unitary Business Group (UBG) combined *MBT Annual Return* (Form 4567), the following types of UBG members are required to file Form 4585:

- Members who disposed of SBT ITC assets during the member's tax year included in the UBG combined Form 4567;
- Members who need to report during the tax period covered on the UBG combined Form 4567 gains attributable to previous tax period installment sale of SBT ITC assets; OR
- Members who had an SBT ITC carryforward available to be used against the UBG's liability in tax year 2008 and/or 2009.

EXAMPLE: UBG A consists of six members and files a combined Form 4567 for the tax period ending in July 2010 (tax year 2010).

- Members 1 and 2 disposed of SBT ITC assets during the tax year ending in July 2010.
- Members 3 and 4 did not sell any SBT ITC assets, but had available SBT ITC carryforward to be used against the UBG's liability for the tax years ending in July 2008 and July 2009.
- Member 5 also did not dispose of any SBT ITC assets during the UBG's tax year ending in July 2010, and had no SBT ITC carryforward available to be used in tax year ending in July 2008 or July 2009.
- Member 6 sold an SBT ITC asset in the tax period ending in July 2009 on an installment basis, where gain attributable to the installment sale is to be reported in tax period ending in July 2010.

In the example above, for tax year 2010, Members 1, 2, and 6 must each file Form 4585, completing Parts 1, 2, and 3. Members 3 and 4 must each file Form 4585, completing only Part 2, while Member 5 must not file a Form 4585.

Note that failure of all required members identified above to file Form 4585 will lead to incorrect calculation of the UBG's total SBT ITC recapture. Each member with SBT ITC assets dispositions or reporting gain from installment sales must complete Form 4585, Parts 1, 2, and 3, while the remaining required members must complete only Part 2 of Form 4585.

The total recapture of each member's Form 4585 forms, line 7, must be combined and reported on the UBG's *MBT Credits for*

Compensation, Investment and Research and Development (Form 4570), line 27. Each Form 4585 must be filed as a supporting schedule for the total recapture amount reported on Form 4570.

Line-by-Line Instructions

Lines not listed are explained on the form.

Dates must be entered in MM-DD-YYYY format.

Name and Account Number: Enter name and account number as reported on page 1 of Form 4567.

UBGs: Complete one form for each member for who this schedule applies as instructed in the section above. Enter the Designated Member (DM) name in the Taxpayer Name field and the specific member of the UBG for which this form is filed on the line below.

PART 1: CALCULATION OF SBT ITC RECAPTURE BASES

In Part 1, compute the adjusted proceeds (proceeds include any benefit derived) from the disposition of tangible, depreciable real or personal property that was acquired in a tax year beginning after 1999 and prior to 2008, and the recapture for property moved out of state. The calculation of gross proceeds may be reduced by selling expenses. Lines 1, 2, and 3 represent three different categories of SBT ITC assets, categorized by type of asset or nature of disposition.

NOTE: A sale of qualifying property reported on the installment method for federal income tax purposes causes a recapture of the entire gross proceeds in the year of the sale. The recapture is reduced by any gain reported in federal taxable income (as defined for MBT purposes) in the year of the sale. The gain attributable to the installment sale that is reported in subsequent years increases the credit base (or reduces other sources of recapture) for those years, and must be reported either on line 1, column C, or line 2, column C, based on the type of asset.

Line 1: For depreciable tangible assets located in Michigan that were acquired or moved into Michigan after acquisition in a tax year beginning after 1999 and prior to 2008, and were sold or otherwise disposed of during the tax year, enter the following:

- **Column A:** Separate the depreciable tangible assets that were disposed of during the filing period by the tax year in which they were acquired. Use a separate row for each acquisition year. Enter the tax years of acquisition (end dates only) in chronological order, starting with the first tax year beginning after 1999. An acquisition year for which there were no dispositions of depreciable tangible assets during the filing period may be omitted. However, do not omit the acquisition year of depreciable tangible assets that have been sold on an installment method if gains attributable to installment payments received during the current filing period must be reported.

- **Column B:** Total gross proceeds from all depreciable tangible assets that were acquired in the same taxable year and

disposed of during the filing period. If a qualifying asset was sold on an installment sale in a prior filing period, the entire sale price was reported for recapture purposes in the year of sale. Therefore, if a payment was received on that installment sale in the current filing period, do not report that amount as gross proceeds for this period. See Column C, however, with respect to the gain from that installment payment.

- **Column C:** Net total gains/losses reflected in federal taxable income (as defined for MBT purposes) from all depreciable tangible assets that were acquired in the same taxable year and disposed of during the filing period. Report also in column C any gain reflected in federal taxable income (as defined for MBT purposes) that is attributed to an installment payment received during the current MBT filing period.

Keep in your files a separate worksheet with the appropriate information regarding each depreciable tangible asset located in Michigan that was acquired or moved into Michigan after acquisition in a tax year beginning after 1999 and prior to 2008, and was sold or otherwise disposed of during the tax year. Sum the total gross proceeds and gain or loss for all disposed assets acquired in the same taxable year. Enter in this form only the total sum of gross proceeds and gain/loss grouped by taxable year the assets were acquired. Use one row per group of disposed assets acquired in the same taxable year. Start from the earliest acquisition year.

- **Column D:** Enter the apportionment percentage from line 11c of the *MBT Annual Return* (Form 4567). If not apportioning, enter 100 percent. Enter the same apportionment percentage for each row completed.

- **Column F:** Subtract column E from column B for each row. If column E is a loss, add its positive value to column B for each appropriate row. A loss in column E will increase the recapture base.

Line 2: For depreciable mobile tangible assets that were acquired in a tax year beginning after 1999 and prior to 2008, and were sold or otherwise disposed of during the tax year, enter the following:

- **Column A:** Separate the depreciable mobile tangible assets that were disposed of during the filing period by the tax year in which they were acquired. Use a separate row for each acquisition year. Enter the tax years of acquisition (end dates only) in chronological order, starting with the first tax year beginning after 1999. An acquisition year for which there were no dispositions of depreciable tangible assets during the filing period may be omitted. However, do not omit the acquisition year of depreciable tangible assets that have been sold on an installment method if gains attributable to installment payments received during the current filing period must be reported.

- **Column B:** Total gross proceeds from all depreciable mobile tangible assets that were acquired in the same taxable year and disposed of during the filing period. If a qualifying asset was sold on an installment sale in a prior filing period, the entire sale price was reported for recapture purposes in the year of sale. Therefore, if a payment was received on that installment sale in the current filing period, do not report that amount as gross proceeds for this period. See Column C, however, with respect to the gain from that installment payment.

- **Column C:** Net total gains/losses reflected in federal taxable income (as defined for MBT purposes) from all depreciable mobile tangible assets that were acquired in the same taxable year and disposed of during the filing period. Report also in column C any gain reflected in federal taxable income (as defined for MBT purposes) that is attributed to an installment payment received during the current MBT filing period. For property placed in service prior to January 1, 2008, gain reflected in federal taxable income (as defined for MBT purposes) is equal to the gain reported for federal purposes.

Keep in your files a separate worksheet with the appropriate information regarding each depreciable mobile tangible asset acquired in a tax year beginning after 1999 and prior to 2008, and sold or otherwise disposed of during the tax year. Sum the total gross proceeds and gain or loss for all disposed assets acquired in the same taxable year. Enter in this form only the total sum of gross proceeds and gain or loss grouped by taxable year the assets were acquired. Use one row per group of disposed assets acquired in the same taxable year. Start from the earliest acquisition year.

- **Column D:** Subtract figures in column C from figures in column B for each line. If column C is a loss, add its positive value to column B for each appropriate row. A loss in column C will increase the recapture.

- **Column E:** Enter the apportionment percentage from Form 4567, line 11c. Enter the same apportionment percentage for each row you have filled columns A through D.

- **Column F:** Multiply figures in column D by column E for each row.

Line 3: For the disposition of depreciable tangible assets other than mobile tangible assets acquired in tax years beginning after 1996 and prior to 2008, that were eligible for the ITC in tax years beginning after 1999 and prior to 2008, and were transferred outside Michigan during the tax year, enter the following:

- **Column A:** Separate the depreciable tangible assets other than mobile tangible assets that were disposed of during the filing period by the tax year in which they were acquired. Use a separate row for each acquisition year. Enter the tax years of acquisition (end dates only) in chronological order, starting with the first tax year beginning after 1999. An acquisition year for which there were no dispositions of depreciable tangible assets during the filing period may be omitted.

- **Column B:** Total sum of adjusted federal basis from all disposed assets acquired in the same taxable year.

Keep in your files a separate worksheet with the appropriate information regarding each depreciable tangible asset other than mobile tangible assets acquired in tax years beginning after 1999 and prior to 2008, that were eligible for the ITC in tax years beginning after 1999 and prior to 2008, and were transferred outside Michigan during the tax year. Sum the total adjusted federal basis for all disposed assets acquired in the same taxable year. Enter in this form only the total sum of adjusted federal basis grouped by taxable year the assets were acquired. Use one row per group of disposed assets acquired in the same taxable year. Start from the earliest taxable year.

PART 2: CALCULATION OF SBT ITC RECAPTURE RATES

Whereas the information required in Parts 1 and 3 of this form apply only to years when assets were acquired that have been disposed of in the current tax year, Part 2 requires entering information from all years (see NOTE below) of the *SBT Investment Tax Credit* (Form C-8000ITC) filed in chronological order to correctly calculate the effective usage rate of SBT generated ITC, otherwise the calculation will be flawed. Enter a negative number as negative.

NOTE: For SBT tax years when the taxpayer filed a C-8000 with no C-8000ITC attachment, or a C-8030, enter on line 4A the taxable year end date, and enter zero for lines 4B, 4C, and 4D. Do not enter any information on lines 4A through 4D for SBT tax years in which the taxpayer filed nothing, or filed a C-8044. If more than one return was filed for the same tax year (that is, the taxpayer filed an amended return), use only the information from the latest return filed for that tax year.

UBGs: The calculation of the UBG's SBT ITC recapture will only be correct if information for all required members of the UBG is provided in Part 2. Required members are specified under "Special Instructions for Unitary Business Groups" on page 127.

Line 4: Gather all C-8000ITC forms filed for tax years beginning on or after January 1, 2000. (If an amended C-8000ITC was filed, use the figures from the amended form, not the original.) Sort all the returns in chronological order of taxable year filing date, from earliest to latest date.

Starting with the earliest Form C-8000ITC filed, enter the following for each taxable year (use one line for each return):

- **Column A:** Taxable year end date for each Form C-8000ITC return filed.
- **Column B:** Amount from Form C-8000ITC, line 24, for each taxable year.
- **Column C:** Amount from Form C-8000ITC, line 33, for each taxable year.
- **Column D:** Amount from Form C-8000ITC, line 36, for each taxable year.
- **Column E:** Three different methods can be used to fill this column, depending on the characteristic of the taxpayers, as explained below:
 - **Method A:** Divide the amount in column C by the amount in column B, for each taxable year in column A, and enter as a percentage.

- Any taxpayer who does not elect to use methods B or C may use method A.

NOTE: Method A only takes into account the rate at which the SBT ITC was created but not the extent to which the created credit was used. Therefore, an election to use method A for taxpayers whose amount of SBT ITC used is NOT the same as the amount of SBT ITC created will result in a larger amount of SBT ITC recapture calculated compared to the amount of SBT ITC recapture calculated by using method B or C. For taxpayers whose amount of SBT ITC used is the same as the amount of SBT ITC created, the three methods should yield the same result.

The amount of SBT ITC used is the same as the amount of SBT ITC created when a taxpayer is able to fully utilize all SBT ITC carryforward by their 2009 tax year return. It occurs when:

- Taxpayer is a calendar year filer: 2009 MBT Form 4569, lines 2 and 3, are equal for the latest 2009 tax year return filed.
- Taxpayer is a fiscal year filer: 2008 MBT Form 4569, line 4, equals zero for the latest 2009 tax year return filed.

◦ **Method B:** Enter the amount determined by the Michigan Department of Treasury (Department) Web tool. Go to the Department site (www.michigan.gov/mbt4585tool) and enter the necessary information as instructed. Part 2, row 5, of Form 4585 must be completed before column E can be determined. Place the calculated rates for each taxable year in the appropriate line of column E. (See instructions for line 5.)

- Any taxpayer that does not elect to use methods A or C may use method B.

UBGs: Information for all required members of the UBG (see "Special Instructions for Unitary Business Groups" on page 127) must be entered on the Department Web tool, otherwise the calculation of column E will be flawed.

◦ **Method C:** Enter results from the taxpayer's own software of choice (that is, a non-Department Web tool) or the taxpayer's own calculation that reflects the Michigan Business Tax statute. Retain records to substantiate figures entered in the filed return.

- Any taxpayer that does not elect to use methods A or B may use method C.

Line 5: See information found on the *MBT Single Business Tax Credit Carryforwards* (Form 4569), line 3, for tax years ending 2008 and 2009. Gather all 4569 forms filed since January 1, 2008, and sort them in chronological order to correctly calculate the effective usage rate of SBT-generated ITC, otherwise the calculation will be flawed.

Starting with the earliest Form 4569 filed for each taxable year starting on or after January 1, 2008, through the last Form 4569 filed for tax year 2009, enter the following (use one row for each return):

- **Column A:** Tax year end date for each Form 4569 filed for tax years ending in 2008 and 2009.
- **Column B:** The amount found on line 3 of Form 4569 for each taxable year entered in column A. UBG filers for which member composition changed since tax year 2008 must use the alternate instructions on the note below.

NOTE: UBG filers for which member composition changed since tax year 2008 must have their current tax year members complete line 5, column B, as follows:

- When the member is part of a UBG that is a calendar year filer: Enter amount of SBT ITC used by the member individually for each previous MBT tax year, with one tax year per row. Enter amount found on Form 4569, line 3 (which is a groupwide figure), for current tax year only.

- When the member is part of a UBG that is a fiscal year filer: Enter only the amount of SBT ITC used by the member individually for each MBT tax year, including the current year, with one tax year per row. Do not enter the total group amount for any taxable year listed on line 5, column A.

PART 3: CALCULATION OF SBT ITC RECAPTURE AMOUNTS

The amount of SBT-generated ITC (grouped by taxable year of acquisition) to be recaptured under MBT is calculated in Part 3.

- **Line 6, Column A:** Enter the tax year end date of each acquisition year represented in Part 1, in chronological order beginning with the earliest.
- **Column B:** Separately for each acquisition year listed in Column A, combine the corresponding amounts in columns 1F, 2F, and 3B.
- **Column C:** For each acquisition year listed in Column A, enter the corresponding SBT ITC effective rate from row 4, column E. Match the acquisition year in row 6, column A, with the corresponding acquisition year in row 4, column A.
- **Column D:** Multiply column B by column C for each acquisition year.

Line 7: Add the figures in each row of line 6, column D. Carry that amount to Form 4570, line 27.

Include completed Form 4585 as part of the tax return filing.

2009 MICHIGAN Business Tax Schedule of Recapture of Certain Business Tax Credits and Deductions

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number
------	--

Complete this schedule for any recapture in this tax year of previous tax credits and deductions listed on this schedule.

1. Amount of recapture of MEGA Research and Development Credit	1.		00
2. a. Amount of recapture of Michigan Business Tax MEGA Employment Tax Credit.....	2a.		00
b. Amount of recapture of Single Business Tax MEGA Employment Tax Credit	2b.		00
c. Amount of recapture of Single Business Tax MEGA Business Activity Credit.....	2c.		00
3. Amount of recapture of Entrepreneurial Credit	3.		00
4. Amount of recapture of Anchor Company Taxable Value Credit	4.		00
5. Amount of recapture of Anchor Company Payroll Credit.....	5.		00
6. Amount of recapture of MEGA Federal Contract Credit	6.		00
7. Amount of recapture of MEGA Photovoltaic Technology Credit	7.		00
8. Amount of recapture of Biofuel Infrastructure Credit	8.		00
9. Amount of recapture of MBT Brownfield Redevelopment Credit. Enter the amount from Form 4584, line 64	9.		00

10. Recapture of Film Infrastructure Credit

a. Enter all eligible depreciable tangible assets located in Michigan that were acquired in a tax year beginning after December 31, 2007, and were sold or otherwise disposed of during the tax year. (Date format: MM-DD-YYYY)

A Description	B City	C Date Acquired	D Date Sold	E Gross Sales Price	F Gain/Loss

b. Total columns E and F. A loss in column F will increase recapture.....	10b.		
c. Adjusted Proceeds. If line 10b, column F, is a gain, subtract line 10b, column F from line 10b, column E. If line 10b, column F, is a loss, add line 10b, column E and F.....	10c.		00

If taxable in another state, complete lines 10d and 10e; otherwise, skip to line 10f.

d. Apportioned gains (losses). Multiply line 10b, column F, by the percentage from Form 4567, line 11c.....	10d.		00
e. Apportioned Adjusted Proceeds. If line 10d is a gain, subtract line 10d from line 10b, column E. If line 10d is a loss, add lines 10d and line 10b, column E.....	10e.		00
f. Recapture of Film Infrastructure Credit. Multiply line 10c or line 10e by 25% (0.25).....	10f.		00
11. Amount of recapture of Qualified Affordable Housing deductions	11.		00
12. Total Recapture of Certain Business Tax Credits and Deductions. Add lines 1, 2a, 2b, 2c, 3, 4, 5, 6, 7, 8, 9, 10f, and 11. Carry amount to Form 4567, line 56, Form 4588, line 26, or Form 4590, line 29.....	12.		00

Instructions for Form 4587, Michigan Business Tax (MBT) Schedule of Recapture of Certain Business Tax Credits and Deductions

Purpose

Complete this schedule for any recapture in this tax year of previously claimed tax credits listed on this schedule. Recapture of some tax credits occurs at the same point in the forms as the credit is calculated. The credits on this form, however, are required by statute to be recaptured at a later point in the tax calculation process. This form is also used to report a required recapture of an Affordable Housing Deduction.

Attachments in support of these recapture amounts are not required. Maintain the recapture calculation information in your files for review during audit.

Special Instructions for Unitary Business Groups

If any member of the Unitary Business Group (UBG) is reporting recapture, a statement must be attached to this form identifying the reporting member and the recapture information for each applicable credit. If more than one member is reporting recapture, requested information should be provided in the statement on a per member basis. The total amount from all reporting members will be entered on each corresponding line on this form.

Line-by-Line Instructions

Lines not listed are explained on the form.

Dates must be in MM-DD-YYYY format.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers, the *MBT Annual Return for Financial Institutions* (Form 4590), or the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588)).

UBGs: A UBG reporting recapture should attach only one copy of this form to its annual return. Enter the Designated Member (DM) name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

Line 1: There are two Research and Development Credits in MBT. The one reported on the *MBT Credits for Compensation, Investment and Research and Development* (Form 4570) does not apply here. Report on this line only recapture of the Research and Development Credit that is certified by Michigan Economic Growth Authority (MEGA) and claimed on *MBT Refundable Credits* (Form 4574).

The credit is earned under an agreement with MEGA. If MEGA determines that there has not been compliance with the terms of the agreement, the taxpayer must report recapture. Enter recapture amount equal to 125 percent of the total of all MEGA Research and Development Credits claimed on previously filed 4574 forms.

Line 2: If a taxpayer claims an MBT or Single Business Tax (SBT) MEGA Employment Tax Credit or an SBT MEGA Business Activity Credit for a previous tax period under an

agreement with MEGA based on qualified new jobs, and then removes 51 percent or more of those qualified new jobs from Michigan within three years after the first year in which the taxpayer claims such a credit, the taxpayer must recapture an amount equal to the total of all such credits claimed on prior returns.

Line 2a: Enter the total amount of the MBT MEGA Employment Tax Credit claimed on previously filed 4574 forms subject to recapture.

Line 2b: Enter the total amount of the SBT MEGA Employment Tax Credit claimed on previously filed *SBT Miscellaneous Credits* (Form C-8000MC) forms subject to recapture.

Line 2c: Enter the total amount of the SBT MEGA Business Activity Credit claimed on previously filed C-8000MC forms subject to recapture.

Line 3: If the new jobs by which a taxpayer earns an Entrepreneurial Credit are relocated outside of Michigan within five years after claiming the credit, or if a taxpayer reduces employment levels by more than 10 percent of the jobs by which the taxpayer earned the credit, the taxpayer must recapture an amount equal to the total of all Entrepreneurial Credits received.

Enter the total amount of the Entrepreneurial Credit claimed on previously filed *MBT Miscellaneous Nonrefundable Credits* forms (Form 4573) subject to recapture.

NOTE: The Anchor Company Taxable Value Credit, Anchor Company Payroll Credit, and MEGA Federal Contract Credit are all claimed through an agreement with MEGA. If a taxpayer claims any of these credits for a previous tax period and subsequently fails to meet requirements set forth in MBT or conditions of the agreement, the taxpayer must recapture an amount equal to the total of all such credits claimed by the taxpayer.

Line 4: Enter the total amount of the Anchor Company Taxable Value Credit claimed on previously filed *MBT Election of Refund or Carryforward of Credits* forms (Form 4584) subject to recapture.

Line 5: Enter the total amount of the Anchor Company Payroll Credit claimed on previously filed 4584 forms subject to recapture.

Line 6: Enter the total amount of MEGA Federal Contract Credit claimed on previously filed 4584 forms subject to recapture.

Line 7: Enter the total amount of the MEGA Photovoltaic Technology Credit claimed on previously filed 4574 forms subject to recapture.

Line 8: Enter the total amount of the Biofuel Infrastructure Credit claimed on previously filed 4573 forms subject to recapture.

Line 9: Enter the recapture of MBT Brownfield Redevelopment Credit reported on Form 4584, line 64.

Line 10: The Film Infrastructure Credit is available through an agreement between the taxpayer and the Michigan Film Office, with the concurrence of the State Treasurer. The credit amount is equal to 25 percent of the base investment expenditures in a qualified film and digital media infrastructure project. If the taxpayer sells or otherwise disposes of a tangible asset that was paid for or accrued after December 31, 2007, and whose cost is included in the base investment, the taxpayer must report recapture equal to 25 percent of the gross proceeds or benefit from the sale or disposition, adjusted by the apportioned gain or loss.

NOTE: A sale of qualifying property reported on the installment method for federal income tax purposes causes recapture of the entire gross proceeds (including the amount of the note) in the year of sale, less any gain reflected in federal taxable income (as defined for MBT purposes) in the year of the sale. In each subsequent year of the installment note, enter zero in line 10a, column E, and enter the gain reflected in federal taxable income (as defined for MBT purposes) in column F. For property placed in service prior to January 1, 2008, gain reflected in federal taxable income (as defined for MBT purposes) is equal to the gain reported for federal purposes.

Line 10a: Enter all dispositions of depreciable tangible assets included in base investment expenditures that were paid for or accrued after December 31, 2007, and were sold or otherwise disposed of during the tax year.

- **Columns A through D:** Enter a brief description of the asset, the city or township in which the asset is located, and the dates that the asset was paid for or accrued and disposed of or sold. To list multiple disposition as one entry, the date the assets were acquired and sold must be the same; dispositions with variable dates must be listed separately.
- **Column E:** Enter the total gross proceeds from the sale or disposition of depreciable tangible assets listed in column A.
- **Column F:** Enter total gain or loss included in calculating federal taxable income (as defined for MBT purposes).

Line 11: Under Public Act (PA) 168 of 2008, the seller of residential rental units may take a deduction from its Business Income Tax base, after apportionment, of the gain from the sale of the residential rental units to a buyer who is a Qualified Affordable Housing Project (QAHP). To qualify for a deduction, the seller and buyer must enter into an “operation agreement” in which the buyer agrees to operate a specific number of the residential rental units sold as rent restricted units for a minimum of 15 years.

When the buyer fails to qualify as a QAHP or fails to operate any of the residential rental units as rent restricted units in accordance with the operation agreement within 15 years after the date of purchase, a lien recorded by the Department against the property subject to the operation agreement becomes payable to the State. Failure to operate just one residential rental unit in accordance with an operation agreement constitutes failure to operate all or some of the residential rental units as rent restricted units in accordance with the operation agreement. The lien is payable in the year the recapture event occurs. This recapture is mandatory even if a taxpayer is otherwise not required to file a return because it does not meet a filing threshold of \$350,000.

Enter a recapture amount equal to the full amount of the deduction allowed to the seller multiplied by a fraction, the numerator of which is the difference between 15 and the years the affordable housing project qualified and complied with the terms of the agreement and the denominator of which is 15.

Line 12: Add lines 1, 2a, 2b, 2c, 3, 4, 5, 6, 7, 8, 9, 10f, and 11. Standard taxpayers carry this amount to the *MBT Annual Return* (Form 4567), line 56. Insurance companies carry this amount to the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588), line 26. Financial Institutions carry this amount to the *MBT Annual Return for Financial Institutions* (Form 4590), line 29.

Include completed Form 4587 as part of the tax return filing.

2009 MICHIGAN Business Tax Renaissance Zone Credit Schedule

Issued under authority of Public Act 36 of 2007.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN) or TR Number
Unitary Business Groups Only: Name of Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN) or TR Number

1. Tax liability before Renaissance Zone Credit. Enter amount from Form 4573, line 13, or Form 4596, line 16 1. 00

2. Enter property information below:

Street Address	Zone or Subzone
City	Parcel Number

3. Average value of property owned within the Zone 3. 00

4. Multiply rent paid for property within the Zone by 8 and enter the result 4. 00

5. Total property value within the Zone. Add lines 3 and 4 5. 00

6. Average value of all property owned in Michigan 6. 00

7. Multiply rent paid for property in Michigan by 8 and enter the result 7. 00

8. Total property value in Michigan. Add lines 6 and 7 8. 00

9. Divide line 5 by line 8 and enter as a percentage 9. %

10. Total payroll for services performed within the Zone 10. 00

11. Total Michigan payroll 11. 00

12. Divide line 10 by line 11 and enter as a percentage 12. %

13. Add lines 9 and 12 and enter as a percentage 13. %

14. Business Activity Factor. Divide line 13 by 2 and enter as a percentage 14. %

15. Credit based on the Business Activity Factor. Multiply line 14 by line 1 15. 00

Adjusted Services Performed in the Renaissance Zone

16. Enter amount from line 10 16. 00

17. Enter depreciation for tangible property in the Zone exempt under MCL 211.7ff. Claim property exempt in tax year; also claim new property that will be exempt in immediately following tax year (see instructions) 17. 00

18. Add lines 16 and 17 18. 00

19. Partnerships, S Corporations and Individuals Only (see instructions)

a. Business income from Form 4567, line 28. If less than zero, enter zero 19a. 00

b. Apportionment percentage from Form 4567, line 11c 19b. %

c. Enter percentage from line 14 19c. %

d. Multiply line 19a by line 19b by line 19c 19d. 00

e. Add lines 18 and 19d 19e. 00

20. Enter amount from line 18, or, if taxpayer is a Partnership, S Corporation or Individual, enter amount from line 19e 20. 00

21. Credit based on adjusted services performed in the Zone. Multiply line 20 by 10% (0.10) 21. 00

Taxpayers first located within a Renaissance Zone before 12-31-2002 ONLY

(All others, leave lines 22a-e blank.)

22. a. Renaissance Zone Credit allowed in 2007 22a. 00

b. Michigan payroll in 2007 22b. 00

c. Business Activity Factor for tax year 2007 and enter as a percentage 22c. %

d. Divide line 11 by line 22b and enter as a percentage 22d. %

e. Divide line 14 by line 22c and enter as a percentage 22e. %

23. Multiply line 22a by line 22d by line 22e 23. 00

24. Tentative Renaissance Zone Credit. Taxpayer first located within a Zone before 12-31-2002, enter lesser of lines 15, 21 or 23. All others enter the lesser of lines 15 or 21 24. 00

25. a. Reduced credit percentage from Reduced Credit Table on page 2 25a. %

b. **Reduced Renaissance Zone Credit.** Multiply line 24 by the reduced credit percentage on line 25a. Carry amount to Form 4573, line 14, or Form 4596, line 17 25b. 00

REDUCED CREDIT TABLE

If this tax period begins in the:

The reduced credit is:

Final year of designation as a Renaissance Zone..... **25 percent** (0.25) of tentative credit on line 24.

Year immediately preceding the final year of designation
as a Renaissance Zone..... **50 percent** (0.50) of tentative credit on line 24.

Second year before the final year of designation as a
Renaissance Zone..... **75 percent** (0.75) of tentative credit on line 24.

Third (or greater) year before the final year of designation
as a Renaissance Zone..... **100 percent** (1.00) of the tentative credit on
line 24.

Instructions for Form 4595

Michigan Business Tax (MBT) Renaissance Zone Credit Schedule

Purpose

To allow eligible taxpayers to calculate and claim the Renaissance Zone Credit. For standard taxpayers and financial institutions, the credit is calculated on Form 4595 and then carried to the *MBT Miscellaneous Nonrefundable Credits* (Form 4573). Insurance companies will carry this credit to the *Miscellaneous Credits for Insurance Companies* (Form 4596).

Renaissance Zone Credit

The Renaissance Zone Credit encourages businesses and individuals to move into a designated Zone to help revitalize the area by providing a credit for businesses located and conducting business activity within the Zone. The method of calculating the credit is different for businesses first locating and conducting business activity within a Renaissance Zone before December 31, 2002, and those businesses first locating and conducting business activity within a Renaissance Zone after December 30, 2002.

To obtain the credit an otherwise qualified taxpayer must file an MBT annual return. The credit is equal to the lesser of the following:

- The tax liability attributable to business activity conducted within a Renaissance Zone in the tax year.
- 10 percent of adjusted services performed in a designated Renaissance Zone.
- For a taxpayer located and conducting business activity in a Renaissance Zone before December 31, 2002, the product of the following:
 - The Single Business Tax (SBT) Renaissance Zone Credit claimed for the tax year ending in 2007.
 - The ratio of the taxpayer's payroll in this State in the tax year divided by the taxpayer's payroll in this State in its SBT tax year ending in 2007.
 - The ratio of the taxpayer's Renaissance Zone Business Activity Factor for the tax year divided by the taxpayer's Renaissance Zone Business Activity Factor for its SBT tax year ending in 2007.

The credit allowed continues through the tax year in which the Renaissance Zone designation expires and is nonrefundable.

Business activities relating to a casino, including operating a parking lot, hotel, motel, or retail store, cannot be used to calculate this credit. Businesses delinquent in filing or paying Property Tax, SBT, MBT or City Income Tax as of December 31 of the prior tax year are not eligible for this credit. Taxpayers will be notified if a claimed credit is disallowed.

For more information on Renaissance Zones, contact the Michigan Economic Development Corporation (MEDC) at (517) 373-9808 or visit their Web site at www.michiganadvantage.org/MIAdvantage/Taxes-and-Incentives. For information on the MBT credit, contact the Michigan Department of Treasury, Customer Contact Division, MBT Unit, at (517) 636-4657.

Special Instructions for Unitary Business Groups

If the entity located and conducting business activity in the Renaissance Zone is a member of a Unitary Business Group (UBG), the Renaissance Zone Credit must be calculated at the member entity level. Calculation of the Renaissance Zone Credit should be done before elimination of intercompany transactions, such as rent payments by the member claiming this credit to another member of the UBG.

Attach this form to the UBG's combined annual return. If more than one member is eligible for this credit, complete one Form 4595 for each eligible member and attach all of them to the UBG's annual return. If filing multiples of Form 4595, enter the total of line 25b for all members on Form 4573, line 14.

When this form refers to "taxpayer," it is referring to the UBG member completing this form.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the annual return.

UBGs: Complete one form for each member for whom this schedule applies. Enter the Designated Member (DM) name in the Taxpayer Name field and the specific member of the UBG for which this form is filed on the line below.

Line 1: Enter the tax liability before the Renaissance Zone Credit.

UBGs: This must be a pro forma tax liability of the member whose activity is represented on the form. See guidance on pro forma calculations in the "Supplemental Instructions for Standard Members in UBGs" on page 141.

Line 2: Enter the street address and parcel number of the property. Enter the name of the Zone or Subzone in which the property is included.

ADJUSTED SERVICES PERFORMED IN THE RENAISSANCE ZONE

Line 17: Enter the amount deducted in arriving at federal taxable income (as defined for MBT purposes) for the tax year for depreciation, amortization, or accelerated write-off for tangible property in a Zone exempt under Michigan Compiled Law 211.7ff. Claim property exempt in the tax year; also claim new property that will be exempt in the immediately following tax year, i.e., property that has not been subject to, or exempt from, the collection of taxes under the General Property Tax Act and has not been subject to, or exempt from, ad valorem property taxes levied in another state, except that receiving an exemption as inventory property does not disqualify property.

Line 19: Only Individuals, Partnerships, S Corporations and Limited Liability Companies (LLC) federally taxed as Partnerships or S Corporations should complete line 19.

Line 19a: UBGs: Enter the business income from Form 4580, Part 2A, line 29, for the member whose activity is reported on this copy of Form 4595.

Line 19b: UBGs: Divide Michigan sales from Form 4580, Part 2A, line 14, by total sales from Form 4580, Part 2A, line 15, for the member whose activity is reported on this copy of Form 4595 and enter here as a percentage.

Line 20: Enter amount from line 18, or, if the taxpayer is an Individual, Partnership, S Corporation, or an LLC federally taxed as a Partnership or S Corporation, enter amount from line 19e.

Line 22: Taxpayers first located within a Renaissance Zone before December 31, 2002, ONLY (all others, leave lines 22a through 22e blank).

Lines 25a and 25b: For a tax year that begins within one of the last three years of a Zone's designation, a reduced credit is allowed, as follows:

- For a tax year that begins within the second year before the final year of designation as a Renaissance Zone, 75 percent of the normally calculated credit is allowed.
- For a tax year that begins within the year before the final year of designation as a Renaissance Zone, 50 percent of the normally calculated credit is allowed.
- For a tax year that begins within the final year of designation as a Renaissance Zone, 25 percent of the normally calculated credit is allowed.

Line 25b: Multiply line 24 by the reduced credit percentage provided in the Reduced Credit Table. Carry amount to line 14 of the *MBT Miscellaneous Nonrefundable Credits* (Form 4573), or line 17 of the *MBT Miscellaneous Credits for Insurance Companies* (Form 4596).

UBGs: If filing multiple 4595 forms, enter the total of line 25b for all members on Form 4573, line 14.

Include completed Form 4595 as part of the tax return filing.

Form 4, Instructions for Application for Extension of Time to File Michigan Tax Returns

General Information

An extension of time to file is not an extension of time to pay. Read the Line-by-Line Instructions before completing Form 4. The form and payment must be postmarked on or before the original due date of the return.

Income Tax (Individual and Fiduciary)

File Form 4 or a copy of your federal extension. An extension of time to file the federal return automatically extends the time to file the Michigan return to the new federal due date. An extension of time to file is not an extension of time to pay. If you have not been granted a federal extension, the Michigan Department of Treasury will grant a 180-day extension for individual income tax and composite returns, or a 150-day extension for fiduciary returns.

- Do not file this form if a refund is expected or if you are not submitting payment with this form.
- If, at the time the extension is filed, it is determined additional Michigan tax is due, send the amount due and a completed Form 4 or a copy of your federal extension form. If filing Form 4, do not send a copy of the federal extension to the Michigan Department of Treasury. Retain a copy for your records. Extension requests received without payment on the account will not be honored and penalty and interest will accrue on the unpaid tax from the original due date of the return.
- Payments made to date include withholding, estimated tax payments, a credit forward from the previous tax year, and any other payments previously made for this tax year. Individual income tax filers should include any Michigan withholding.

Michigan Business Tax (MBT)

Michigan Business Tax filers must use this form to request an extension and must file it even if the Internal Revenue Service has approved a federal extension.

- If this form is properly prepared meeting all listed conditions and filed timely, Michigan Department of Treasury will grant the taxpayer an extension to the last day of the eighth month beyond

the original due date regardless of whether you are granted a federal extension.

- Do not send a copy of the federal extension to the Michigan Department of Treasury. Retain a copy for your records.
- An extension of time to file is not an extension of time to pay. If there will be an MBT liability, payment must be included with this form and/or appropriate estimated tax payments must have been made during the year, **or the extension request will be denied.** Late filing penalty and interest will accrue on the unpaid tax from the original due date of the return.
- Penalty and interest for late filing is charged only if tax will be due on the MBT annual return. If no tax will be due on the MBT annual return, there is no need to request an extension to avoid penalty and interest.

MBT Unitary Business Group (UBG)

A UBG must file a combined return for MBT under the name and Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number of the Designated Member of the group. Only the Designated Member may submit a valid Form 4 for the UBG. If any other member submits Form 4, it will not extend the time for filing for the combined return. Any payment attached to such request will be applied to the UBG. For more information on UBGs, see the "General Information for Standard or Financial Taxpayers."

Line-by-Line Instructions

Lines not listed are explained on the form.

Line 1: File a separate application for each tax type. Check the box next to the appropriate tax. If filing a Composite Income Tax return (for nonresident partners or shareholders), check the "Fiduciary Tax" box.

Line 2: Enter the month and year your tax year ends, NOT the date you are making the payment. For most individual income tax filers, this date is 12-2009. Fiscal filers use the last month of the tax year (for example, if fiscal year ends March 31, 2010, enter 03-2010).



Detach here and mail with your payment. Do not fold or staple the application.

Michigan Department of Treasury, Form 4 (Rev. 9-09)

Issued under the authority of Public Acts 281 of 1967 and 36 of 2007.

Application for Extension of Time to File Michigan Tax Returns

Make check payable to "State of Michigan." Print your **Social Security** or **account number** and "Michigan Extension" on the front of your check.

Mail to: Michigan Department of Treasury, PO Box 30774, Lansing, MI 48909-8274

<p>▶ 1. Extension request is for the following tax</p> <p>Check ONLY ONE</p> <p><input type="checkbox"/> Income Tax* <input type="checkbox"/> Fiduciary Tax* (includes Composite Filers)</p> <p><input type="checkbox"/> Michigan Business Tax</p> <p>* Do not file this form if a refund will be shown on the return.</p>	<p>▶ 2. Month and Year Your Tax Year Ends (MM-YYYY)</p> <p>—</p> <p>▶ 4. <input type="checkbox"/> Check if extension is requested for good cause - see instructions.</p> <p>▶ 6. <input type="checkbox"/> Check if an extension was granted for your federal tax return.</p>	<p>▶ 3. Federal Employer Identification or TR Number</p> <p>▶ 5. Filer's Social Security Number</p> <p>▶ 7. Spouse's Social Security Number (If filing jointly)</p>
<p>▶ 8. Business or Trust Name</p>	<p>9. Tentative Annual Tax</p>	
<p>▶ 10. Taxpayer's Name (first name, middle initial, last name) or Fiduciary/Trustee Name</p>		<p>11. Total Payments Made to Date</p>
<p>▶ 12. Mailing Address</p>	<p>▶ 13. Payment Amount</p> <p style="text-align: right;">.00</p>	

DO NOT WRITE IN THIS SPACE

Lines 3, 5, and 7: MBT and Fiduciary Tax filers, enter your FEIN or TR number on line 3. Income Tax filers only, enter your Social Security number on line 5 (and line 7 if filing jointly).

Line 4: Filers who have not been granted a federal extension may request an extension for good cause. Examples of good cause include, but are not limited to: (a) taxpayer's initial return, (b) taxpayer's final return, (c) a change in accounting period, and (d) taxpayer's books and records are not available or complete. **NOTE:** The inability to pay a tax due is not good cause.

Line 6: Check the box if you have been granted a federal extension. Retain a copy of your federal extension for your files. By checking the box on line 6, you are affirming that you have a federal extension in your possession. You must be able to produce a copy for verification, if requested.

Lines 8 and 10: If applicable, these lines must both be completed to avoid delays in processing.

Penalty and Interest

If the tax due is underestimated and sufficient payment is not paid with the application for extension, interest will be due on the unpaid or underpaid amount.

The interest rate is 1 percent above the adjusted prime rate and is adjusted on January 1 and July 1. Interest is charged from the original due date of the return to the date the balance of the tax is paid.

Any one of the following penalties may also apply to the unpaid tax:

- The initial penalty is 5 percent of tax due. Penalty increases by an additional 5 percent per month or fraction thereof, after the second month, to a maximum of 25 percent for failure to pay;
- 10 percent for negligence;
- 25 percent for intentional disregard of the law.

When You Have Finished

Detach Form 4 from the instructions and mail to the address on the form.

MBT filers who submit a properly completed request will receive a written response at the legal address on file with the Michigan Department of Treasury.

Income Tax and Fiduciary Tax filers will not receive a response.

Computation and Payment of Tax Due

Estimate tax liability for the year and pay any unpaid portion of the estimate with the application for extension.

A. Tax before credits.....	A. _____
B. Credits (if any).....	B. _____
C. Total annual tax liability. Subtract line B from line A. Enter here and carry to Form 4, line 9	C. _____
D. Payments made to date. Enter here and carry to Form 4, line 11 *	D. _____
E. Estimated balance due. Subtract line D from line C.....	E. _____
F. Amount paid with Form 4. Enter here and carry to Form 4, line 13	F. _____

* Payments made to date include withholding, estimated tax payments, a credit forward from the previous tax year, and any other payments previously made for this tax year.

2009 Supplemental Instructions for Standard Members in Unitary Business Groups (UBGs)

NOTE: These instructions for Unitary Business Groups (UBGs) are meant to supplement general instructions and form-specific instructions for standard taxpayers of the Michigan Business Tax (MBT), not to replace them.

Standard taxpayers and *standard members* refer to all taxpayers or UBG members, respectively, other than financial institutions or insurance companies. Financial institutions that are members of a UBG should see “2009 Supplemental Instructions for Financial Institution Members in UBGs,” in the MBT instruction booklet for financial institutions (Form 4599).

There is not a corresponding supplement for insurance companies because, although they can be members of a UBG, they do not file combined returns.

General Information and Specific Form Instructions

The MBT instruction booklet for standard taxpayers (Form 4600) contains general information designed to assist in:

- Identifying existence and membership of a UBG.
- Filing combined returns by different member types within a UBG.
- Understanding the role of the Designated Member (DM).

For each type of UBG member that is reported on a combined return (standard and financial institution), there is a required form that collects data that is necessary for preparation of a combined return:

- The *MBT Unitary Business Group Combined Filing Schedule for Standard Members* (Form 4580) supports a combined return of standard members to be filed on the *MBT Annual Return* (Form 4567).
- The *MBT Unitary Business Group Combined Filing Schedule for Financial Institutions* (Form 4752) supports a combined return of financial institution members to be filed on the *MBT Annual Return for Financial Institutions* (Form 4590).

Guidance that is specific to only one form is contained in the instructions for that form, in sections titled either “Special Instructions for Unitary Business Groups” or simply “UBGs.” With the exception of a section providing supplemental instructions for the *MBT Tax Loss Adjustment Worksheet for the Small Business Alternative Credit* (Form 4575), the following are instructions that apply to more than one form.

Pro Forma Calculations for Certain Credits

For some credits, evaluation of whether a UBG is qualified to claim the credit is based on characteristics and activities of a single member, rather than the group as a whole. Similarly, for some credits, after it is determined that a UBG is qualified to claim the credit, calculation of the amount of credit available is based on data of a single member, rather than the group. Each credit requiring this method is identified on the form on which it is calculated. In these situations, typically a pro forma MBT liability is required for the member generating the credit.

Where a pro forma calculation is required, the underlying objective is to determine what the tax liability (immediately prior to the credit) of the UBG member generating the credit would have been if that member was not included in the group. Therefore, the member generating the credit must calculate its pro forma tax liability as if it was a singular, stand-alone taxpayer in all aspects. This supporting pro forma calculation should be provided in a statement attached to the return. However, this calculation and its results should never be transferred to Form 4567 or displayed in a layout similar to Form 4567.

Effects of Members Joining a Group

If a member that is new to the group brings with it a carryforward of a credit, combine that amount with any carryforward of the same credit that was generated by the group or brought to the group by another member. The group must then use the oldest available carryforward first, regardless of source. If two members each created (or brought) a carryforward of the same credit and the same age, and together those exceed the amount allowable in this filing period after use of older carryforwards, those members’ respective credit carryforwards are used in proportion to the amount they created for, or brought to, the group.

Effects of Members Leaving a Group

When a member of a UBG ceases to be a member part way through the member’s tax year, for MBT purposes the departing member will experience a short tax year ending on the departure date, even if it does not have a short period for federal purposes.

For both the UBG return and the departing member’s separate short period return, tax bases will be calculated using actual numbers from the applicable short period of the departing member.

In most cases, when a member leaves the group, any tax credit created by that member’s activity will be applied against the group’s tax liability for the group filing period within which the member leaves. The same treatment applies to any tax credit carryforward arising from a credit created by the departing member in a prior year. If a carryforward remains after application of this current year credit and prior year carryforward to the group’s liability, the departing member will take its share of the unused carryforward for its own account. Its share of a carryforward from any particular period will be an amount equal to the group’s remaining carryforward from that period multiplied by the amount of credit that member contributed relative to the total amount contributed by all group members for the same credit in that same period.

There is a narrow exception to the preceding paragraph if the departing member’s return for the period after it leaves is due before the group’s return. In this case, any elective tax credit generated (on a pro forma basis) by the departing member during its partial UBG period will belong entirely to the departing member. In addition, in this situation the departing

member’s proportional share of a credit carryforward from a prior period will belong to the departing member, and may not be applied against the group’s tax liability for the group filing period within which the member leaves.

Other UBG-Related Issues

An affiliated person that is excluded from membership in a UBG because it is a foreign person, which has nexus and meets the applicable filing threshold, must file a separate MBT return.

Supplemental Instructions for the MBT Tax Loss Adjustment Worksheet for the Small Business Alternative Credit, Form 4575

For the purpose of applying loss adjustment from a member’s separately filed year, when members’ separate years share a common year end and the amount of available loss from a single tax year exceeds the amount needed to offset the UBG’s adjusted business income (ABI) disqualifier, the portion of available loss from that tax year used by each member to offset the group’s disqualifier must reflect the proportion of each member’s total loss available from that tax year with respect to the total loss available to the UBG from the same tax year.

EXAMPLE: The total loss adjustment needed to reduce a UBG’s ABI disqualifier is \$65. The UBG has loss available in the amount of \$50 from its 2008 tax year, which had a tax year end of December 31, 2008. Member A, who was included in the UBG’s 2008 tax year return, has loss available in the amount of \$20 from its 2006 SBT tax year which ended September 30, 2006. Member B, who became a member of the UBG during the current tax year due to a change in ownership, has loss available in the amount of \$25 from its 2006 SBT tax year which ended September 30, 2006, and loss available in the amount of \$25 from its separate 2008 tax year which ended September 30, 2008. Member C also became a member of the UBG during the current tax year and has loss available in the amount of \$75 from its separate 2008 tax year which ended September 30, 2008.

In this example, three columns of the table will be populated: one column with a tax year end of 09-30-2006 and available loss of \$45; a second column with a tax year end of 09-30-2008 and available loss of \$100; and a third column with a tax year end of 12-31-2008 and available loss of \$50. Because loss is used on a first-in, first-out basis, the group will use the entire amount of loss available (\$45) from the column with the 09-30-2006 tax year end; that is, all of Member A’s available loss (\$20) from its 2006 SBT year, as well as all of Member B’s available loss from its 2006 SBT year (\$25). The use of the members’ losses must be maintained in the taxpayer’s records. The remaining \$20 of loss adjustment needed to reduce the groups’ ABI disqualifier will be subtracted from the loss available in the second column with the 09-30-2008 year end. Members B and C will account for this adjustment in their records in a proportional manner. That is, Member B will record a \$5 loss adjustment used for its 2008 separate tax year, or the remaining loss adjustment needed to reduce

the group’s ABI disqualifier (\$20) multiplied by a fraction, the numerator of which is Member B’s available loss (\$25) and the denominator of which is the total loss available in the second column (\$100). Likewise, Member C will record a loss adjustment used of \$15. Thus, in subsequent tax years, the UBG will have the following remaining loss available to reduce its ABI disqualifier: Member B’s available loss in the amount of \$20 from its 2008 separate tax year; Member C’s available loss in the amount of \$60 from its 2008 separate tax year, and the UBG’s available loss in the amount of \$50 from its 2008 tax year. The loss available to the UBG to reduce its ABI disqualifier will not be affected by Member B’s or C’s use of available loss from their separate tax years to reduce their respective shareholder income disqualifiers.

Further Guidance on Existence and Membership of a UBG

- For further guidance, please consult the following:
- Online at www.michigan.gov/mbt: click on “MBT Frequently Asked Questions” under Highlights, then “Unitary” under the List of Topics.

Gross Receipts Worksheet

INFORMATION DIRECTLY FROM SPECIFIC FEDERAL RETURNS

Complete the appropriate parts below based on the taxpayer organization type. Part 1 is for an Individual or Fiduciary; Part 2 is for a C Corporation (or a taxpayer filing federal returns as a C Corporation); and Part 3 is for a Partnership or S Corporation (or a taxpayer filing a federal return a Partnership or an S Corporation). Parts 4 and 5 apply to all filers, independent of their organization type. Gross receipts is not necessarily derived from the federal return, however, this worksheet will calculate gross receipts as defined by law in most circumstances. Taxpayers and tax professionals are expected to be familiar with uncommon situations within their experience, which produce gross receipts not identified by specific lines on this worksheet, and report that amount on the most appropriate line. The Michigan Department of Treasury may adjust the figure resulting from this worksheet to account properly for such uncommon situations. Complete and attach this worksheet to your return. Unitary Business Groups (UBGs) must complete and attach a worksheet for each member.

PART 1: INDIVIDUALS AND FIDUCIARIES

- | | | | |
|---|-----|--|----|
| 1. U.S. Form 1040, Schedule C or C-EZ gross receipts (net of returns) | 1. | | 00 |
| 2. U.S. Form 1040, Schedule C, other income | 2. | | 00 |
| 3. U.S. Form 1040, Schedule D, short- and long-term sales price* | 3. | | 00 |
| 4. U.S. Form 1040, Schedule E | | | |
| a. Part I, total rents received | 4a. | | 00 |
| b. Total royalties received | 4b. | | 00 |
| 5. U.S. Form 4797, gross sales price,* business assets | 5. | | 00 |
| 6. Gross Receipts from Federal Return for Individuals and Fiduciaries.
Add lines 1 through 5. Carry amount to line 19 | 6. | | 00 |

PART 2: C CORPORATIONS

- | | | | |
|--|-----|--|----|
| 7. U.S. Form 1120, line 1c | 7. | | 00 |
| 8. U.S. Form 1120, lines 4 through 7 | 8. | | 00 |
| 9. U.S. Form 1120, line 10 | 9. | | 00 |
| 10. U.S. Form 1120, Schedule D, short- and long-term sales price* | 10. | | 00 |
| 11. U.S. Form 4797, gross sales price* | 11. | | 00 |
| 12. Gross Receipts from Federal Return for C Corporations.
Add lines 7 through 11. Carry amount to line 19 | 12. | | 00 |

PART 3: PARTNERSHIPS AND S CORPORATIONS

- | | | | |
|--|------|--|----|
| 13. U.S. Form 1065, or U.S. Form 1120S | | | |
| a. Gross receipts (net of returns) | 13a. | | 00 |
| b. Other income/receipts | 13b. | | 00 |
| 14. U.S. Form 8825, gross income from real estate rentals | 14. | | 00 |
| 15. U.S. Form 1065, or 1120S, Schedule D, short- and long-term sales price* | 15. | | 00 |
| 16. U.S. Form 1065, or 1120S, Schedule K | | | |
| a. Gross other rental income | 16a. | | 00 |
| b. Interest, dividend, royalty income | 16b. | | 00 |
| c. Other income | 16c. | | 00 |
| 17. U.S. Form 4797, gross sales price* business assets | 17. | | 00 |
| 18. Gross Receipts from Federal Return for Partnerships and S Corporations.
Add lines 13 through 17. Carry amount to line 19 | 18. | | 00 |

* See the definition of Gross Receipts under MCL 208.1111.

ADJUSTMENTS TO FEDERAL GROSS RECEIPTS

 19. Gross Receipts as recorded on line 6, 12 or 18 19.

PART 4: ADDITIONS TO GROSS RECEIPTS

To the extent EXCLUDED or DEDUCTED in arriving at the number used in line 19, include the following:

20. Proceeds from the sale of assets used in a business activity	20.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
21. Dividend and interest income	21.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
22. Receipts from gratuities stipulated on a bill	22.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
23. Receipts from gross commissions earned	23.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
24. Receipts from client reimbursed expenses not obtained in an agency capacity	24.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
25. Gross proceeds from intercompany sales	25.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
26. Rents	26.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
27. Royalties	27.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
28. Sales of scrap and other similar items	28.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
29. Bad Debt amounts deducted for Federal Income Tax	29.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
30. Dividends and royalties received or deemed received from a foreign operating entity or a person other than a U.S. person, including, but not limited to, the amounts determined under IRC § 78, or 951 through 964	30.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
31. Sales or use taxes collected from or reimbursed by a consumer or other taxes collected from or reimbursed by a purchaser and remitted to a local, state, or federal tax authority	31.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
32. In the case of receipts from the sale of motor fuel by a person with a motor fuel tax license or a retail dealer, the amount equal to federal and state excise taxes paid by any person on such motor fuel under IRC 4081 or applicable state law	32.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
33. In the case of receipts from the sale of beer, wine, or intoxicating liquor by a person holding a license to sell, distribute, or produce those products, the amount equal to federal and state excise taxes paid by any person on or for such products under IRC Subtitle E or applicable state law	33.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
34. In the case of receipts from the sale of communication, video, internet access and related services and equipment, any government imposed tax, fee, or other imposition in the nature of a tax or fee required by law, and authorized to be charged on a customer's bill or invoice, but not including net income taxes, net worth taxes, property taxes, or the Michigan Business Tax	34.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
35. In the case of receipts from the sale of electricity, natural gas, or other energy source, any government imposed tax, fee, or other imposition in the nature of a tax or fee required by law, and authorized to be charged on a customer's bill or invoice, but not including net income taxes, net worth taxes, property taxes, or the MBT	35.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
36. Any deposit required under the following:			
a. 1976 IL 1, MCL § 445.571 to 445.576	36a.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
b. R 436.1629 of the Michigan administrative code	36b.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
c. R 436.1723a of the Michigan administrative code	36c.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
d. Any substantially similar beverage container deposit law of another state	36d.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
37. Excise tax collected from or reimbursed by a consumer and remitted pursuant to MCL § 207.371 to 207.383 ...	37.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
38. In the case of receipts from the sale of cigarettes or tobacco products by a wholesale dealer, retail dealer, distributor, manufacturer, or seller, the amount equal to the federal and state excise taxes paid by any person on or for such products	38.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
39. Other receipts not included in previous lines	39.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
40. Add lines 20 through 39	40.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>
41. SUBTOTAL Add line 19 and line 40	41.	<table border="1" style="width: 100%; height: 15px;"></table>	<table border="1" style="width: 30px; height: 15px; text-align: center;">00</table>

PART 5: EXCLUSIONS TO GROSS RECEIPTS

To the extent INCLUDED in arriving at line 41, enter the following receipts:

42. Proceeds from sales by a principal collected by the taxpayer in an agency capacity and delivered to the principal	42.		00
43. Amounts received on behalf of a principal that are received and expended by the taxpayer in an agency capacity for the following:			
a. Performance of service by third party for the benefit of the principal for service required by law to be performed by a licensed person	43a.		00
b. Performance of service by a third party for the benefit of the principal that the taxpayer has not undertaken a contractual duty to perform	43b.		00
c. Payment of principal and interest under a mortgage loan or land contract, lease or rental payments, or taxes, utilities, or insurance premiums relating to real or personal property owned or leased by the principal	43c.		00
d. Capital asset that is or will become eligible for depreciation, amortization, or accelerated cost recovery by the principal for federal income tax purposes, or real property owned or leased by the principal	43d.		00
e. Property not described above that is purchased by taxpayer on behalf of the principal, where taxpayer does not take title to or use in the course of performing its contractual business activities	43e.		00
f. Fees, taxes, assessments, levies, fines, penalties, or other payments established by law that are paid to a governmental entity and that are the legal obligation of the principal	43f.		00
44. Amounts excluded from gross income of a foreign corporation engaged in the international operation of aircraft under IRC § 883(a)	44.		00
45. Amounts received by advertising agency used to acquire advertising media time, space, production, or talent on behalf of another person	45.		00
46. Amounts received by a newspaper to acquire advertising space not owned by that newspaper in another newspaper on behalf of another person, excluding any consideration received by taxpayer for acquiring that advertising space	46.		00
47. Amounts received by taxpayer that manages real property owned by a third party that are deposited into a separate account kept in the name of that third party and that are not reimbursements to the taxpayer and are not indirect payments for management services that the taxpayer provides to that third party	47.		00
48. For taxpayers that during tax year do NOT both buy and sell any receivables, proceeds from the taxpayer's transfer of an account receivable, if the sale that generated that receivable was included in Gross Receipts for Federal Income Tax purposes	48.		00
49. Proceeds from original issue of stock or equity instruments or equity issued by a regulated investment company as defined in IRC § 851	49.		00
50. Proceeds from the original issue of debt instruments	50.		00
51. Refunds from returned merchandise	51.		00
52. Cash and in-kind discounts	52.		00
53. Trade discounts	53.		00
54. Federal, state, or local tax refunds	54.		00
55. Security deposits	55.		00
56. Payment of the principal portion of loans	56.		00
57. Value of property received in a like-kind exchange	57.		00
58. Proceeds from a sale, transaction, exchange, involuntary conversion, maturity, redemption, repurchase, recapitalization, or other disposition or reorganization of tangible or intangible property that are capital assets and IRC § 1231(b) land:			
a. Amount from such dispositions of capital assets as defined in IRC § 1221(a) or land used in a trade or business as defined in IRC § 1231(b)	58a.		00
b. Combined gains from each disposition in this category that produced a gain that is included in that taxpayer's federal taxable income. (Do not net against dispositions that produced loss.)	58b.		00
c. Amount excluded from Gross Receipts. Subtract line 58b from line 58a	58c.		00
59. Proceeds from a sale, transaction, exchange, involuntary conversion, maturity, redemption, repurchase, recapitalization, or other disposition or reorganization of tangible or intangible property that is a hedging transaction ^(a) :			
a. Amount from such dispositions of property used in a hedging transaction	59a.		00
Amount of overall net gain from hedging transactions entered into during			
b. the tax year	59b.		00
c. Amount excluded from Gross Receipts. Subtract line 59b from 59a	59c.		00

PART 5: EXCLUSIONS TO GROSS RECEIPTS (CONT.)

60. Proceeds from a sale, transaction, exchange, involuntary conversion, maturity, redemption, repurchase, recapitalization, or other disposition or reorganization of tangible or intangible property that is investment and trading assets managed as part of the person's treasury function^(b):

a. Amount from such dispositions of property that is investment and trading assets managed as part of the person's treasury function 60a.

	00
	00

b. Amount of overall net gain from treasury function incurred during tax year... 60b.

c. **Amount excluded from Gross Receipts.** Subtract line 60b from line 60a 60c.

	00
	00

61. Proceeds from an insurance policy, a settlement of a claim or a judgment in a civil action, less any proceeds that are included in federal taxable income (as defined for MBT purposes) 61.

	00
	00

62. For a sales finance company, as defined in MCL 492.102 and directly or indirectly owned in whole or in part by a motor vehicle manufacturer as of January 1, 2008, and for a person that is a broker or dealer as defined under 15 USC § 78c(a)(4) or (5), or a member of the UBG of that broker or dealer that buys and sells contracts subject to 7 USC § 1 to 27f for its own account:

a. Amounts realized from the repayment, maturity, sale, or redemption of the principal of a loan, bond, or mutual fund, certificate of deposit, or similar marketable instrument provided such instruments are not held as inventory 62a.

	00
	00

b. Principal amount received under a repurchase agreement or other transaction properly characterized as a loan... 62b.

	00
	00

63. For a mortgage company^(c), proceeds representing the principal balance of loans transferred or sold 63.

	00
	00

64. For a professional employer organization^(d) (PEO), any amount charged that represents the actual cost of wages and salaries, benefits, worker's compensation, payroll taxes, withholding, or other assessments paid to or on behalf of a covered employee by the PEO under a professional employer arrangement 64.

	00
	00

65. Any invoiced items used to provide more favorable floor plan assistance to a person subject to the MBT than to a person not subject to the MBT and paid by a manufacturer, distributor, or supplier 65.

	00
	00

66. For an individual, estate, or other person organized for estate or gift planning purposes:

a. Receipts from investment activity, including interest, dividends, royalties, and gains from an investment portfolio or retirement account, if the investment activity is not part of the taxpayer's trade or business 66a.

	00
	00

b. Receipts from the disposition of tangible or intangible property held for personal use and enjoyment, such as a personal residence or personal assets 66b.

	00
	00

c. Other amounts received that are NOT from transactions, activities, and sources in the regular course of the taxpayer's trade or business 66c.

	00
	00

67. Receipts derived from investment activity by a person organized exclusively to conduct investment activity and that does not conduct investment activity for any person other than an individual or a person related^(e) to that individual, or by a common trust fund established under MCL 555.101 to 555.113 67.

	00
	00

68. Interest and dividends derived from obligations or securities of the United States government, this state, or any governmental unit of this state (as defined under MCL § 141.1053) 68.

	00
	00

69. Amounts attributable to an ownership interest in a pass-through entity, regulated investment company, real estate investment trust, or cooperative corporation whose business activities are taxable under the modified gross receipts tax or would be subject to the modified gross receipts tax if the business activities were in this state^(f) 69.

	00
	00

70. For a regulated investment company as that term is defined under IRC § 851, receipts derived from investment activity by that regulated investment company 70.

	00
	00

71. Only Health Maintenance Organizations (HMOs) holding contract with the State for Medicaid services may complete this line: If applicable per MCL 208.1111(1) dd, enter amounts received during the period that is both within the tax year and within October 1, 2009, through September 30, 2010, for Medicaid premium or reimbursement of costs associated with service provided to a Medicaid recipient or beneficiary 71.

	00
	00

72. **SUBTOTAL Gross Receipts Exclusions that are not phased in.**

Add lines 42 through 57, 58c, 59c, 60c, and 61 through 71 72.

	00
	00

To the extent INCLUDED in arriving at line 41, list the following:

73. Bad Debt amounts deducted for Federal Income Tax that correspond to items included in MGR tax base for current or prior MBT return 73.

	00
	00

74. Dividends and royalties received or deemed received from a foreign operating entity or a person other than a U.S. person, including, but not limited to, the amounts determined under IRC § 78, or 951 through 964 74.

	00
	00

75. Add lines 73 and 74 75.

	00
	00

Continued on Page 5

PART 5: EXCLUSIONS TO GROSS RECEIPTS (CONT.)

To the extent INCLUDED in arriving at line 41, and to the extent NOT deducted as purchases from other firms on the MBT Annual Return, Form 4567, lines 13, 14 or 15, (or, for UBG standard members, the MBT UBG Combined Filing Schedule for Standard Members, Form 4580, lines 17, 18 or 19) enter:

76.	Sales or use taxes collected from or reimbursed by a consumer or other taxes collected from or reimbursed by a purchaser and remitted to a local, state, or federal tax authority.....	76.		00
77.	In the case of receipts from the sale of motor fuel by a person with a motor fuel tax license or a retail dealer, the amount equal to federal and state excise taxes paid by any person on such motor fuel under IRC § 4081 or applicable state law ...	77.		00
78.	In the case of receipts from the sale of beer, wine, or intoxicating liquor by a person holding a license to sell, distribute, or produce those products, the amount equal to federal and state excise taxes paid by any person on or for such products under IRC Subtitle E or applicable state law	78.		00
79.	In the case of receipts from the sale of communication, video, internet access and related services and equipment, any government imposed tax, fee, or other imposition in the nature of a tax or fee required by law, and authorized to be charged on a customer's bill or invoice, but not including net income taxes, net worth taxes, property taxes, or the MBT	79.		00
80.	In the case of receipts from the sale of electricity, natural gas, or other energy source, any government imposed tax, fee, or other imposition in the nature of a tax or fee required by law, and authorized to be charged on a customer's bill or invoice, but not including net income taxes, net worth taxes, property taxes, or the MBT	80.		00
81.	Any deposit required under the following:			
a.	1976 IL 1, MCL § 445.571 to 445.576	81a.		00
b.	R 436.1629 of the Michigan administrative code.....	81b.		00
c.	R 436.1723a of the Michigan administrative code.....	81c.		00
d.	Any substantially similar beverage container deposit law of another state	81d.		00
82.	Excise tax collected from or reimbursed by a consumer and remitted pursuant to MCL § 207.371 to 207.383 ...	82.		00
83.	Add lines 76 through 82.....	83.		00
84.	Add lines 75 and 83.....	84.		00
85.	SUBTOTAL Multiply line 84 by 0.6.....	85.		00
86.	In the case of receipts from the sale of cigarettes or tobacco products by a wholesale dealer, retail dealer, distributor, manufacturer, or seller, the amount equal to the federal and state excise taxes paid by any person on or for such products under IRC Subtitle E or applicable state law	86.		00
87.	SUBTOTAL Multiply line 86 by 0.75 if tax year ends in 2009. Otherwise, enter amount from line 86.....	87.		00

GROSS RECEIPTS FOR MBT PURPOSES

88.	Subtract lines 72, 85 and 87 from line 41. Carry this amount to Form 4567, line 12. Standard members of a UBG carry this amount to Form 4580, Part 2A, line 16	88.		00
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a) For purposes of this provision, a hedging transaction is one entered into by the taxpayer in the normal course of the taxpayer's trade or business primarily to manage (i) risk of exposure to foreign currency fluctuations that affect assets, liabilities, profits, losses, equity, or investments in foreign operations; (ii) interest rate fluctuations; or (iii) commodity price fluctuations. Transfer of title of real or tangible personal property is not a hedging transaction. "Hedging transaction" means that term as defined under IRC 1221 regardless of whether the transaction was identified by the taxpayer as a hedge for federal income tax purposes, provided, however, that transactions not identified as a hedge for federal income tax purposes shall be identifiable to the department by the taxpayer as a hedge in its books and records.

b) For purposes of this provision, a person principally engaged in the trade or business of purchasing and selling investment and trading assets is not performing a treasury function. "Treasury function" means the pooling and management of investment and trading assets for the purpose of satisfying cash flow or liquidity needs of the taxpayer's trade or business.

c) "Mortgage company" means a person that is licensed under MCL § 445.1651 to 445.1684, or MCL § 493.51 to 493.81, and has greater than 90 percent of its revenues, in the ordinary course of business, from the origination, sale, or servicing of residential mortgage loans.

d) Professional employer organization is not the same thing as a staffing company, and it means an organization that provides the management and administration of the human resources of another entity by contractually assuming substantial employer rights and responsibilities through a professional employer agreement that establishes an employer relationship with the leased officers or employees assigned to the other entity by doing all of the following:

- Maintaining a right of direction and control of employees' work, although this responsibility may be shared with the other entity.
- Paying wages and employment taxes of the employees out of its own accounts.
- Reporting, collecting, and depositing state and federal employment taxes for the employees.
- Retaining a right to hire and fire employees.

e) For purposes of this provision, a person is related to an individual if that person is a spouse, brother or sister, whether of the whole or half blood or by adoption, ancestor, lineal descendent of that individual or related person, or a trust benefiting that individual or one or more persons related to that individual.

f) For this provision, the following definitions apply: Cooperative Corporation means those organizations described under subchapter T of the IRC; Pass-through entity means a partnership, subchapter S Corporation, or other person, other than an individual, that is not classified for Federal Income Tax purposes as an association taxed as a corporation; Real estate investment trust means the term defined under IRC 856; and Regulated investment company means the term defined under IRC § 851.

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Business Income Worksheet

Complete the appropriate parts below, based on the taxpayer's organization type. Part 1 is for an Individual or Fiduciary; Part 2 is for a C Corporation (or a taxpayer filing federal returns as a C Corporation); and Part 3 is for a Partnership or S Corporation (or a taxpayer filing a federal return as an S Corporation). This worksheet will calculate business income as defined by law in most circumstances. Taxpayers and tax professionals are expected to be familiar with uncommon situations within their experience, which produce business income not identified by specific lines on this worksheet, and report that amount on the most appropriate line. The Department may adjust the figure resulting from this worksheet to account properly for such uncommon situations. Complete and attach this worksheet to your return. Unitary Business Groups (UBG) must complete and attach a worksheet for each member.

PART 1: INDIVIDUALS AND FIDUCIARIES

- | | | | |
|---|-----|--|----|
| 1. U.S. Form 1040, Schedule C or C-EZ, net profit/loss..... | 1. | | 00 |
| 2. U.S. Form 1040, Schedule D, gain/loss ^(a) | 2. | | 00 |
| 3. U.S. Form 1040, Schedule E, line 22 rent and royalty income/loss | 3. | | 00 |
| 4. U.S. Form 4797 gain/loss not included in Schedule D | 4. | | 00 |
| 5. Domestic Production Activities deduction based on IRC § 199 reported on U.S. Form 8903, to the extent deducted from federal taxable income | 5. | | 00 |
| 6. Other Income..... | 6. | | 00 |
| 7. Total business income before adjustment. Add lines 1 through 6..... | 7. | | 00 |
| 8. Adjustments due to decoupling of Michigan depreciation from section 168(k) of IRC. If adjustment is negative, enter as negative: | | | |
| a. Net bonus depreciation adjustment ^(b) | 8a. | | 00 |
| b. Gain/loss adjustment on the sale of an eligible depreciable asset ^(c) | 8b. | | 00 |
| 9. Add lines 8a and 8b. If negative, enter as negative..... | 9. | | 00 |
| 10. Total business income after adjustment. Add lines 9 and 7. Carry amount to Form 4567, line 28..... | 10. | | 00 |

PART 2: C CORPORATIONS

- | | | | |
|--|------|--|----|
| 11. Federal taxable income from U.S. Form 1120..... | 11. | | 00 |
| 12. Domestic Production Activities deduction based on IRC § 199 reported on U.S. Form 8903, to the extent deducted from federal taxable income | 12. | | 00 |
| 13. Miscellaneous..... | 13. | | 00 |
| 14. Total business income before adjustment. Add lines 11, 12 and 13 | 14. | | 00 |
| 15. Adjustments due to decoupling of Michigan depreciation from section 168(k) of IRC. If adjustment is negative, enter as negative: | | | |
| a. Net bonus depreciation adjustment ^(b) | 15a. | | 00 |
| b. Gain/loss adjustment on the sale of an eligible depreciable asset ^(c) | 15b. | | 00 |
| 16. Add lines 15a and 15b. If negative, enter as negative..... | 16. | | 00 |
| 17. Total business income after adjustment. Add lines 16 and 14. Carry amount to Form 4567, line 28..... | 17. | | 00 |

PART 3: PARTNERSHIPS AND S CORPORATIONS

- | | | | |
|---|------|--|----|
| 18. U.S. Form 1065, or 1120S Schedule K, Income (loss): | | | |
| a. Ordinary income/loss..... | 18a. | | 00 |
| b. Net real estate rental income/loss | 18b. | | 00 |
| c. Net other rental income/loss..... | 18c. | | 00 |
| d. Interest, dividend, and royalty income | 18d. | | 00 |
| e. Net short-term gain/loss | 18e. | | 00 |
| f. Net long-term gain/loss..... | 18f. | | 00 |
| g. Other portfolio income/loss..... | 18g. | | 00 |
| h. Guaranteed payments to partners or wages paid to a member of a LLC Partnership | 18h. | | 00 |
| i. Other net gain/loss under section 1231..... | 18i. | | 00 |
| j. Other income | 18j. | | 00 |
| 19. Total income/loss. Add lines 18a through 18j..... | 19. | | 00 |

PART 3: PARTNERSHIPS AND S CORPORATIONS (CONT.)

20. U.S. Form 1065 or 1120S, Schedule K, Deductions:

a. Charitable contributions.....	20a.		00
b. Section 179 expense.....	20b.		00
c. Deductions related to portfolio income.....	20c.		00
d. Other deductions, excluding deductions for domestic production activities (IRC § 199).....	20d.		00
21. Total deductions. Add lines 20a through 20d.....	21.		00

22. Total business income before adjustments. Subtract line 21 from line 19.....	22.		00
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23. Adjustments due to decoupling of Michigan depreciation from section 168(k) of IRC (If adjustment is negative, enter as negative):

a. Net bonus depreciation adjustment ^(b)	23a.		00
b. Gain/loss adjustment on the sale of an eligible depreciable asset ^(c)	23b.		00
24. Add lines 23a and 23b. If negative, enter as negative.....	24.		00

25. Total business income after adjustment. Add lines 22 and 24. Carry amount to Form 4567, line 28. Standard members of a UBG carry amount to Form 4580, Part 2A, line 29.....	25.		00
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(a) U.S. Forms 1040D and 4797: Report only gains or losses from assets used in a business activity. Do not include personal gains and losses.

(b) For the computation of business income for MBT purposes, taxpayers who claimed a federal special depreciation under IRC § 168(k) on property first placed in service in 2008 or later must calculate the net bonus depreciation adjustment on those assets as follows: net bonus depreciation adjustment in tax year equals the total federal depreciation claimed in tax year less the total amount of depreciation that would be claimed in the federal return in the tax year if the taxpayer had elected not to utilize the bonus depreciation allowance at IRC § 168(k). A taxpayer may not elect IRC § 179 depreciation if they did not elect to use this method federally.

(c) For the computation of business income for MBT purposes, taxpayers who claimed a federal special depreciation under IRC § 168(k) on property first placed in service in 2008 or later and subsequently disposed of that property in the current tax year must calculate the gain/loss adjustment on the sale of those assets as follows: gain/loss adjustment in tax year equals the total amount of federal depreciation that would be claimed in the federal return over the years (starting the year the asset was purchased and ending on the current tax year) if the taxpayer had elected not to utilize the bonus depreciation allowance at IRC § 168(k) on the property being disposed LESS the total federal depreciation claimed over the years (starting the year asset was purchased and ending on the current tax year). A taxpayer may not elect IRC § 179 depreciation if they did not elect to use this method federally.

Revenue Administrative Bulletins

2009-10	Certified Educational Foundations
2009-9	Certified Community Foundations
2009-7	Interest Rate
2008-4	Michigan Business Tax Nexus Standards
2007-6	Michigan Business Tax - “Actively Solicits” Defined
2005-3	Penalty Provisions
1996-4	Credit or Refund of Overpayment of Taxes or Credits in Excess of Tax Due and Applicable Interest
1994-1	Challenge of Assessment, Decision or Order Limited by Statute
1989-38	Officer Liability

For a complete list, go to www.michigan.gov/taxes.

2009 Certified Education Foundations

1052	Blissfield Foundation for Educational Excellence
1201	East Lansing Education Foundation
1202	Educational Excellence Foundation Plymouth-Canton
1203	East Grand Rapids Schools Foundation
1301	Ed. Foundation of Greenville
1302	Grosse Pte. Fdn. for Public Education
1551	Lansing Educational Advancement Foundation
1601	Marquette Area Public Schools Education Foundation
1851	Rochester Community Schools Foundation

Certified Community Foundations and Component Funds

A component fund serves donors and nonprofit organizations in a specific geographic area as a restricted fund of a neighboring community foundation. The following are certified for the Community Foundations Credit for 2009.

- | | |
|--|---|
| <ul style="list-style-type: none"> 01 Albion Community Foundation 56 Allegan County Community Foundation <ul style="list-style-type: none"> Saugatuck/Douglas Area Community Fund 63 Anchor Bay Community Foundation 02 Ann Arbor Area Community Foundation <ul style="list-style-type: none"> Community Foundation of Plymouth Ypsilanti Area Community Fund 49 Baraga County Community Foundation 58 Barry Community Foundation <ul style="list-style-type: none"> Thornapple Area Enrichment Fund 17 Battle Creek Community Foundation <ul style="list-style-type: none"> Athens Area Community Foundation Homer Area Community Foundation Springfield Community Foundation 03 Bay Area Community Foundation <ul style="list-style-type: none"> Arenac County Fund 04 Berrien Community Foundation 45 Branch County Community Foundation 36 Cadillac Area Community Foundation <ul style="list-style-type: none"> Missaukee Area Community Foundation Missaukee Youth Fund 64 Canton Community Foundation 06 Capital Region Community Foundation <ul style="list-style-type: none"> City of East Lansing Fund DeWitt Area Community Fund Eaton County Community Foundation Lansing Fund Leslie Community Fund Meridian Township Fund Ovid-Elsie Community Fund Williamston Area Beautification Fund 66 Central Montcalm Community Foundation 44 Charlevoix County Community Foundation 70 Chippewa County Community Foundation 28 Community Foundation for Muskegon County <ul style="list-style-type: none"> Community Foundation for Mason County Community Foundation for Oceana County Manistee County Community Foundation 29 Community Foundation for Northeast Michigan <ul style="list-style-type: none"> Iosco County Community Foundation North Central Michigan Community Foundation Straits Area Community Foundation 09 Community Foundation for Southeast Michigan <ul style="list-style-type: none"> Chelsea Community Foundation Community Foundation for Livingston County 10 Community Foundation of Greater Flint <ul style="list-style-type: none"> Clio Area Community Fund Fenton Community Fund Flushing Community Fund Grand Blanc Community Fund Davison Community Fund 19 Community Foundation of Greater Rochester 11 Community Foundation of Monroe County <ul style="list-style-type: none"> Bedford Kellogg Youth Fund Greater Milan Area Community Foundation 35 Community Foundation of St. Clair County 20 Community Foundation of the Holland/Zeeland Area 54 Community Foundation of the Upper Peninsula <ul style="list-style-type: none"> Alger Regional Community Foundation Community Foundation for Delta County Gogebic-Ontonagon Community Foundation Les Cheneaux Area Community Foundation Schoolcraft County Community Foundation St. Ignace Area Community Foundation Tahquamenon Area Community Foundation West Iron County Area Community Foundation | <ul style="list-style-type: none"> 50 Dickinson County Area Community Foundation <ul style="list-style-type: none"> Crystal Falls Area Community Fund Norway Area Community Fund 13 Four County Community Foundation 18 Frankenmuth Community Foundation 14 Fremont Area Community Foundation <ul style="list-style-type: none"> Lake County Community Foundation Mecosta County Community Foundation Osceola County Community Foundation 15 Grand Haven Area Community Foundation <ul style="list-style-type: none"> Allendale Area Community Foundation Coopersville Area Community Foundation 16 Grand Rapids Community Foundation <ul style="list-style-type: none"> Cascade Community Foundation East Grand Rapids Community Foundation Fund Ionia County Community Foundation Lowell Area Community Fund Southeast Ottawa Community Foundation Sparta Community Foundation Wyoming Community Foundation 46 Grand Traverse Regional Community Foundation 37 Greenville Area Community Foundation <ul style="list-style-type: none"> Lakeview Area Community Fund Montcalm Panhandle Community Fund 43 Hillsdale County Community Foundation 60 Huron County Community Foundation 21 Jackson County Community Foundation 22 Kalamazoo Community Foundation <ul style="list-style-type: none"> Covert Township Community Foundation Fund 67 Keweenaw Community Foundation 77 Lapeer County Community Foundation 23 Leelanau Township Community Foundation 62 Lenawee Community Foundation 55 Livonia Community Foundation 25 M & M Area Community Foundation 65 Mackinac Island Community Foundation 39 Marquette Community Foundation <ul style="list-style-type: none"> Greater Ishpeming Area Community Fund Gwinn Area Community Fund Negaunee Area Community Fund 26 Marshall Community Foundation 05 Michigan Gateway Community Foundation 27 Midland Area Community Foundation <ul style="list-style-type: none"> Clare County Community Foundation Gladwin County Endowment Fund 42 Mt. Pleasant Area Community Foundation 72 North Woodward Community Foundation 68 Northville Community Foundation 75 Otsego County Community Foundation 47 Petoskey-Harbor Springs Area Community Foundation 76 Roscommon County Community Foundation 30 Saginaw Community Foundation <ul style="list-style-type: none"> Chesaning Area Community Foundation Fund 61 Sanilac County Community Foundation 71 Shelby Community Foundation 31 Shiawassee Community Foundation 57 Southfield Community Foundation 74 Sterling Heights Community Foundation 40 Sturgis Area Community Foundation <ul style="list-style-type: none"> Constantine Area Community Foundation White Pigeon Area Community Foundation 32 Three Rivers Area Community Foundation 73 Tuscola County Community Foundation <ul style="list-style-type: none"> Cass City Booster's Club Greater Millington Area Fund |
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Country Codes

Countries are identified by two-letter codes – Country Codes – which are required on some Michigan Business Tax (MBT) forms, including the annual returns. The following is a list of countries and their codes.

AF Afghanistan	CK Cook Islands	IN India	NR Nauru	SB Solomon Islands
AX Åland Islands	CR Costa Rica	ID Indonesia	NP Nepal	SO Somalia
AL Albania	CI Côte D'ivoire	IR Iran	NL Netherlands	ZA South Africa
DZ Algeria	HR Croatia	IQ Iraq	AN Netherlands Antilles	GS S. Georgia, Sandwich
AS American Samoa	CU Cuba	IE Ireland	NC New Caledonia	KR South Korea
AD Andorra	CY Cyprus	IM Isle Of Man	NZ New Zealand	ES Spain
AO Angola	CZ Czech Republic	IL Israel	NI Nicaragua	LK Sri Lanka
AI Anguilla	CD Dem. Rep. of Congo	IT Italy	NE Niger	SD Sudan
AQ Antarctica	DK Denmark	JM Jamaica	NG Nigeria	SR Suriname
AG Antigua & Barbuda	DJ Djibouti	JP Japan	NU Niue	SJ Svalbard, Jan Mayen
AR Argentina	DM Dominica	JE Jersey	NF Norfolk Island	SZ Swaziland
AM Armenia	DO Dominican Republic	JO Jordan	KP North Korea	SE Sweden
AW Aruba	EC Ecuador	KZ Kazakhstan	MP N. Mariana Islands	CH Switzerland
AU Australia	EG Egypt	KE Kenya	NO Norway	SY Syrian Arab Republic
AT Austria	SV El Salvador	KI Kiribati	OM Oman	TW Taiwan
AZ Azerbaijan	GQ Equatorial Guinea	KW Kuwait	PK Pakistan	TJ Tajikistan
BS Bahamas	ER Eritrea	KG Kyrgyzstan	PW Palau	TZ Tanzania
BH Bahrain	EE Estonia	LA Laos	PS Palestinian Occ. Terr.	TH Thailand
BD Bangladesh	ET Ethiopia	LV Latvia	PA Panama	TL Timor-Leste
BB Barbados	FK Falkland Islands	LB Lebanon	PG Papua New Guinea	TG Togo
BY Belarus	FO Faroe Islands	LS Lesotho	PY Paraguay	TK Tokelau
BE Belgium	FJ Fiji	LR Liberia	PE Peru	TO Tonga
BZ Belize	FI Finland	LY Libya	PH Philippines	TT Trinidad & Tobago
BJ Benin	FR France	LI Liechtenstein	PN Pitcairn	TN Tunisia
BM Bermuda	GF French Guiana	LT Lithuania	PL Poland	TR Turkey
BT Bhutan	PF French Polynesia	LU Luxembourg	PT Portugal	TM Turkmenistan
BO Bolivia	TF Fr. Southern Terr.	MO Macao	PR Puerto Rico	TC Turks & Caicos
BA Bosnia, Herzegovina	GA Gabon	MK Macedonia	QA Qatar	TV Tuvalu
BW Botswana	GM Gambia	MG Madagascar	RE Réunion	UG Uganda
BV Bouvet Island	GE Georgia	MW Malawi	RO Romania	UA Ukraine
BR Brazil	DE Germany	MY Malaysia	RU Russian Federation	AE United Arab Emir.
IO Brit. Ind. Ocean Terr.	GH Ghana	MV Maldives	RW Rwanda	GB United Kingdom
BN Brunei Darussalam	GI Gibraltar	ML Mali	BL St. Barthélemy	US United States
BG Bulgaria	GR Greece	MT Malta	SH St. Helena	UM U.S. Minor Out. Isl.
BF Burkina Faso	GL Greenland	MH Marshall Islands	KN St. Kitts & Nevis	UY Uruguay
BI Burundi	GD Grenada	MQ Martinique	LC St. Lucia	UZ Uzbekistan
KH Cambodia	GP Guadeloupe	MR Mauritania	MF St. Martin	VU Vanuatu
CM Cameroon	GU Guam	MU Mauritius	PM St. Pierre & Miquelon	VE Venezuela
CA Canada	GT Guatemala	YT Mayotte	VC St. Vincent, Grenad.	VN Vietnam
CV Cape Verde	GG Guernsey	MX Mexico	WS Samoa	VG Virgin Islands, British
KY Cayman Islands	GN Guinea	FM Micronesia	SM San Marino	VI Virgin Islands, U.S.
CF Cent. African Repub.	GW Guinea-Bissau	MD Moldova	ST Sao Tome & Principe	WF Wallis & Futuna
TD Chad	GY Guyana	MC Monaco	SA Saudi Arabia	EH Western Sahara
CL Chile	HT Haiti	MN Mongolia	SN Senegal	YE Yemen
CN China	HM Heard, McDonald Isl.	ME Montenegro	RS Serbia	ZM Zambia
CX Christmas Island	VA Holy See (Vatican)	MS Montserrat	SC Seychelles	ZW Zimbabwe
CC Cocos Islands	HN Honduras	MA Morocco	SL Sierra Leone	
CO Colombia	HK Hong Kong	MZ Mozambique	SG Singapore	XX Countries-Other
KM Comoros	HU Hungary	MM Myanmar	SK Slovakia	
CG Congo	IS Iceland	NA Namibia	SI Slovenia	

Unclaimed Property Reporting for Businesses

Michigan's Uniform Unclaimed Property Act (Public Act (PA) 29 of 1995) requires holders of unclaimed property to report and remit property belonging to owners who cannot be located or for whom there is no known address. Every business that has uncashed checks (payroll, vendor, dividends, etc.) must file a report and turn the funds over to the Michigan Department of Treasury, Unclaimed Property Division. Unclaimed property could also include cash, deposits, interest, stocks, or contents from safe deposit boxes.

Section 31 (2) of PA 29 gives the State Treasurer the authority to conduct unclaimed property examinations to determine compliance with the act.

WHO MUST REPORT

Every Individual, Partnership, or Corporation that has unclaimed property belonging to someone whose last known address is in Michigan must report. If the owner's last known address is in another state or country and the holder does not report under the provisions of that state or country, then report those interests to Michigan.

DORMANCY PERIODS

Generally, property in your custody that belongs to someone else and has gone unclaimed for five years must be reported. However, dormancy periods will vary based on the type of property. Visit Treasury's Web site at www.michigan.gov/unclaimedproperty for more detailed information about dormancy periods.

REPORTING DUE DATE

Holder reports are due by November 1 each year and must contain all items considered unclaimed as of June 30. Enclose payment with the report to cover the amount reported. If you have unclaimed property and fail to pay or deliver it timely to the State of Michigan, you may be liable for interest at the current monthly rate of one percentage point above the adjusted prime rate on the value of the property. Civil penalties may also apply for not filing.

CLAIMING FUNDS

To check if funds are being held for you, your family, or your business entity, visit Treasury's Web site at www.michigan.gov/unclaimedproperty.

FOR MORE INFORMATION



Visit www.michigan.gov/unclaimedproperty



Call the Unclaimed Property Division at (517) 636-5320



Write to: Unclaimed Property Division
Michigan Department of Treasury
P.O. Box 30756
Lansing, MI 48909

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